

# Revolutionary Perspectives 13

Quarterly Magazine of the Communist Workers Organisation

## Twenty Years of the



## Ayatollahs in Iran

Forty Years of Castro's Cuba

New Labour, Old Corruption

The Pinochet Affair

Brazil: Speculators Carnival

Venezuelan Elections

The Bombings in Iraq

Capitalism's Global Crisis

The Economic Contradictions of the ICC

# *Revolutionary Perspectives*

Series 3, No. 13, Winter 1999

## *Contents*

New Labour, Old Corruption .....	1
The Pinochet Affair .....	3
Cuba: Forty Years of State Capitalism .....	5
Cuba is Capitalist .....	6
Cuba: Pawn of Imperialism .....	7
Brazil: Speculators' Carnival .....	10
After the Venezuelan Elections .....	12
The World Capitalist Crisis Deepens .....	13
Capitalist Crisis and Globalisation .....	15
The Economic Contradictions of the ICC .....	20
Iraq: Bombing Us Back to Barbarism .....	22
US Attack on Iraq: Leaflet of Los Angeles Workers' Voice .....	23
Iran: Twenty Years since the Fall of the Shah .....	24
Death to the Shah or Death to Capitalism? .....	24

For correspondence write to:

**CWO**  
**P.O. Box 338**  
**Sheffield S3 9YX, UK;**  
email: **cwo@londonmail.com**  
Or visit our website: **http://www.ibrp.org**

<i>Sub Rates</i>	<i>UK</i>	<i>Europe Air/ World Surface</i>	<i>World Air</i>
<b>RP</b>	<b>£10</b>	<b>£12</b>	<b>£15</b>
<b>ICR</b>	<b>£5</b>	<b>£6</b>	<b>£7</b>
<b>Combined</b>	<b>£15</b>	<b>£18</b>	<b>£22</b>
<b>Supporters'</b>	<b>£20</b>	<b>£25</b>	<b>£27</b>
<b>Institutional</b>	<b>£20</b>	<b>£25</b>	<b>£27</b>

*The above rates are for one year and include postage.*

# New Labour, Old Capitalist Corruption

The restructuring of the economy in Britain which led to the decline of heavy industry, the decline in the numbers of workers employed and the shrinking trade union base had two main effects on the Labour Party. Firstly, due to a decline in class combativity it no longer felt the need to pose as a pro-working class party. As a result it made no real promises to the working class before the election that it would provide anything other than a continuation of Tory policies, and true to its word this is exactly what it has delivered. Secondly, it switched from its cosy beer and sandwiches deals between the trades unions and the CBI, and instead has turned increasingly to big business for its funds and to formulate its policies. An early example of this was shown with the Bernie Ecclestone affair, the Formula One millionaire whose donation to party funds was in direct exchange for the withdrawal by Labour of their policy of banning tobacco advertising in sports. More recently wave had the cash for posh homes scandal which led to the departures of both Mandelson and the sleazy Robinson. Its worth looking at this in some detail since it epitomises New Labour and the way it operates.

## Paymaster General to Labour

The departure of Geoffrey Robinson from the post of Pay master General was no doubt a bitter blow to Robinson himself, but the Labour Party certainly got their money's worth from him. Robinson's career is interesting since it shows the shifts the Labour Party has made to better adjust itself to the interests of capital. In the 70s Robinson had a brief stint as a Labour MP and was the head of Jaguar cars. After a relationship with the aptly named Mme Bourgeois his wealth steadily grew (she kindly left him £9m). But it was his association with that other great Labour Party stal-

wart in the 1980s, Robert Maxwell, which led to a real change in his fortunes. It was through a series of extremely murky deals with Maxwell that he was able to quickly build up his empire. Maxwell made him the chief beneficiary of Orion, a multi-million pound trust set up in the offshore tax haven of Guernsey. He was made the co-chairman of Hollis Industries and was also given a tidy sum from Central and Sheerwood, both Maxwell firms. Maxwell also rather generously paid him £1m for shares in his engineering company, Transtec. Like Maxwell, Robinson decided to take up a publishing interest and his administration company, Stenbell, (which was set up under the guise of paying the senior managers at the left publication, *The New Statesman*) proved very lucrative for him. He always remained loyal to Maxwell and when the Tories decided to look into the handling of the Maxwell pensions scandal, Robinson voted against them, naturally without declaring any interest in any Maxwell company. At the end of all this his fortune had risen to an estimated £30m, though the real value is difficult to calculate. He continued to pursue a political career in order to advance his business interests and began to court the favours of key Labour politicians (Tony Blair has been fond of spending his holidays in Robinson's £3m 18th century estate in Tuscany). His services proved to be invaluable for the Labour Party and he provided them with necessary contacts in industry. Once Robinson's pals were satisfied that the Labour Party would be working in their interests, Labour became immediately electable. Of all the methods Robinson used to do this, the most important was his funding of the Smith Political Economy Unit, which carried out work on the Windfall Tax to be used to fund the New Deal. He also financed research into the coal industry (or rather what's left of it) and the Private Finance Initiative. But his pet project

was the reform of company taxation. By contributing the bulk of the finances for the Unit, and since it was run by his trusted business associate Brenda Price, Robinson ensured that the new government's taxation policies would be extremely favourable to his business clique and naturally he made sure that his own private business interests wouldn't suffer either. Once Labour was elected he was duly rewarded and made Paymaster General and a Treasury Minister. Robinson, like Maxwell, was never particularly open about his murky business deals, but every time he was investigated for failing to declare any of his interests by the Commons Committee on Standards and Privileges, he was let off with little more than a few words of reprimand. His eventual downfall came when he offered a very generous loan of £373,000 to Peter Mandelson, whose department was supposed to be investigating Robinson's dodgy financial dealings.

## Labour - Always a Class Party for the Bourgeoisie

The newspapers made a big display of the fact that corruption wouldn't be tolerated only to see Mandelson return a few days later as Tony Blair's adviser on his first official overseas trip of the year. The bourgeois media always go through the

## Monthly Meetings

The CWO meets at 8.00 p.m. on the first Monday of every month at Cortonwood Miners' Club, Brampton and the third Monday of each month in Sheffield.

For details of venue as well as contact with other sections throughout the country write to the CWO address.

same pantomime where they wring their hands in despair at the discovery of yet further examples of corruption in democratic life. Yet there is no real difference between a small exploiter class advancing its own class interests at the expense of the majority of the population and individuals within that class advancing their own business and financial interests. Despite Old Labour's cronies whooping with joy at the departure of Peter Mandelson, and despite Prescott, the Deputy Leader's muted call for change, Blair has made it quite clear there will be no turn to the left. Immediately after the scandal Blair announced Labour's plan to wipe out the working class by making everybody middle class, which is ironic really since the reverse process is happening with ever increasing numbers of educated "middle class" professionals joining the ranks of the working class and the unemployed. Blair's call means in practice Labour's policies will be geared towards the old Tory stomping ground of the petty bourgeoisie of middle England and the working class in the meantime will be subjected to a barrage of propaganda telling them they are historically irrelevant and have ceased to exist. Some on the left wing of Labour are desperately trying to restore the credibility of the Party by making a whole series of demands including an end to cuts and for trade union leaders to start demos against job losses, and to introduce full employment for all. However much they might hope, in the real world Labour will continue to provide heavy subsidies to attract overseas investment capital whilst securing deals with big business at home. Their next big task will be to prepare for entry into the Euro, and they remain the vehicle through which British business hopes to enter Europe. This, coupled with the fact they are bracing themselves for a sharp downturn in the crisis, means future attacks on the working class will be more vicious than ever.

### **Capitalist Democracy — the Dictatorship of the Bourgeoisie**

**N**ew Labour is living proof that elections only give the work

ing class the chance to choose who will oppress them over the next few years, as Marx pointed out. New Labour's recent antics have also shown clearly that Parliament is not the power basis or the decision making body at all. The real decisions are made behind the scenes and as the recent bombings of Iraq show, not even MPs are consulted, let alone the working class. This is what we mean by the "dictatorship of the bourgeoisie" because capitalist democracy involves the active oppression of one class by another. The state is not a neutral instrument which can be won over to curb the worst excesses of capitalism. Workers in Britain face more state control in their lives and are under greater surveillance than ever before, and "freedom" will only last as long as the state feels strong enough to operate a democratic system. In those states where the economy is less stable and where the grip of the bourgeoisie isn't so strong workers already face open slaughter, torture and barbarism. The historical alternative of the working class is its own democratic systems, similar to those invented by workers in the Paris Commune and the Russian Revolution. Proletarian democracy relies on the majority of the population to make decisions from local to international level through the mass election of delegates, all of whom are recallable and all of whom will be on a workers wage as long as a money economy lasts. The whole system depends on the widening of the democratic base rather than decisions being made by a minority. But most importantly it is not based on the domination of one class over another through the state and it is this which makes it completely revolutionary, since it is the first system not to be concerned with the administration of power but with the production and distribution of commodities and services needed by the population as a whole. At the moment every pro-democracy movement around the globe is only fighting for class rule and the violent suppression of the proletariat by one faction or another of the capitalist class. The left call this progress and urge the working class to support it thus aiding and abetting their future massacre. Revolutionaries don't take sides in the bourgeois debates about how they are going to

fool and rule us. Only with the smashing of the capitalist state by the working class itself, and with its replacement by workers' councils will we have entered an era in which the mass of the population will really control their own destiny. Naturally this will be a world from which spin doctors and New Labour sleaze merchants will also have disappeared.

**RT**

# The Case of General Pinochet, The Cold War Warrior

Capitalist wars, up to and including the First World War, were usually fought for outright nationalist motives. Look on any war memorial in Britain and you will see that soldiers (whether they knew it or not) died fighting "for King and Country" or to "Save the Empire". However the First World War was also a watershed. At the end of that war there were calls to "Hang the Kaiser" as a war criminal. War criminals only became the fashion once we reached the Second World War. With the heavy bombing of civilians this was even more a total war than 1914-18. And because the populations were more involved governments had to use all kinds of lofty motives to justify war. Fighting for Freedom was what the wartime alliance of the USSR, USA and Britain agreed upon (an interesting concept if you were languishing in Stalin's gulags). Thus we arrived at the paradox of decadent capitalism that the more barbaric the war the more ethical the pronouncements of the imperialists. Someone has to pay for such barbarism and the Allies made the fascist leaders in Japan and Germany into war criminals. The key element for being a war criminal is that you have to be on the losing side. Curtis Lemay and "Bomber" Harris who firebombed Japan and Germany respectively are heroes rather than villains in their own countries. In fact the US did not recognise the idea of a war criminal from 1946 until 1988 (when the US signed the UN Declaration of Human Rights for the first time). This meant that no-one could talk about war criminals, like Kissinger and Nixon, who napalmed Vietnam and Cambodia. Only with the end of the Cold War has it become fashionable to talk of war criminals again as the International Tribunal sits at the Hague occasionally trying minor commanders from the Bosnian war. The only other war criminals to receive justice have been the East German leaders who were on the losing side in the Cold

War. It is the end of the Cold War which has thrown up the Pinochet Affair. The unusual thing is that the victors are not usually made to answer for their crimes. So why has Pinochet now? General Augusto Pinochet has been the welcome guest of Her Britannic Majesty's Government for many years despite the fact that he is responsible for torturing to death at least 3000 people, according to Amnesty International. The real death toll is likely to be much higher since most of these are "documented" deaths or "disappearances" from middle class families. The mayhem unleashed on the poor districts of Santiago by the army back in 1973 was designed to ensure that the working class would never rise again and untold numbers died in those street battles. We will return to the situation in Chile in 1973 in a minute but first let us deal with the current debate amongst the bourgeoisie. Pinochet did not act alone. He had been appointed by the man he was to overthrow, Salvador Allende as Commander in Chief of the

Chilean Army. He at first only reluctantly joined the coup plot concocted by the CIA and his fellow generals (along with US multinationals like ITT). But when he did so he carried out the task with the utmost brutality. The Right hailed his coup as "saving Chilean democracy from Marxist revolution", a statement which takes a prize for paradox (but very expressive of the mentality of the Latin American ruling classes). Later they fabricated the story that the Communists were planning a military uprising in order to give some justification for the coup. Nothing though can hide the utter brutality of the methods of torture used by Pinochet's forces in the months that followed. What is interesting in the current debate over whether Pinochet is that the so-called democratic Conservatives in Britain have come to his political aid. Thatcher was expected to do her mad dog act (especially since Pinochet gave intelligence and allowed British ships to use Chile as a base in the Falkland Wars in 1982). But

Recent Publications from  
*Il Partito Comunista Internazionalista*  
*Battaglia Comunista*, 1, 1999  
 Monthly paper (20,000 Lire per year)  
 The Euro  
 The Failure of Bourgeois Economic Thought  
 Racism in the USA  
 Attacks on Iraq  
 The State in the Transition from Capitalism to Communism  
*Prometeono*, 16  
 Theoretical journal (5000 Lire per issue)  
 The Multilateral Agreement on Investment  
 A New Turn in the Capitalist Crisis  
 The Collapse of Russia and Neo-liberal Illusions  
 Unemployment  
 Capitalism's New Strategy for Exploiting the Working Class  
 The Union Question  
 Write to the PCInt Address (inside back cover)  
 A supporter's subscription is 40,000 Lire

Howard and Hague only underline how thin the veneer of capitalist democracy is. As long as we don't threaten the property of the ruling class they will allow us the charade of an election. Go further than that and the democratic mask will be off and butchery will be the order of the day. This is the main lesson of Allende's Chile. Elected in 1970 as part of a Popular Front Government Allende had a social democratic reform programme to try to equalise the enormous iniquities of capitalism in Chile. However his attempts to compromise with the propertied classes met with only sabotage, flights of capital and strikes by sectors of the petty bourgeoisie. The tragedy was that the working class in Chile elected Allende expecting change. They started taking over factories and producing for themselves. Allende for his part told them to be patient and actively tried to calm the class movement secure in his belief that he had a democratic mandate to rule. He even strengthened the Armed Forces and brought its leaders into the Cabinet. He then used the Army to attack striking copper workers because they "were holding the country to ransom". This led to many workers recognising that any government whether or Left or Right is still capitalist. Although Allende was no socialist the fact that

even nationalised a few companies was enough for US imperialism and the Chilean propertied classes. And this will be the reaction of the propertied classes everywhere if the working class do not paralyse and then defeat the main-springs of their power. This can only be done by a series of revolutions in different countries at a time of international crisis (which thus paralyses the major imperialist powers and prevents their intervention). Ultimately there has to be a world revolution. Allende's fate proves that there can be no parliamentary road to socialism. Pinochet is now only arraigned because the Cold War is over and his case challenges the rhetoric of the capitalist democracies about "ethical" foreign policies. Pinochet has been to London many times before without problems but this time has been caught out by an ambitious Spanish judge. The British did not tip him off possibly because of the fact that the British secret service have a grudge against him after one of their men (investigating the Iraqi super-gun affair) was bumped off in Santiago whilst spying on a Chilean arms dealership. The British state seems to have been acutely embarrassed by the whole affair. Jack Straw won plaudits from the Left from not overruling the Law Lords but before he ruled the word was out that Lord Hoffman, the final judge to pronounce on Pinochet's extradition,

was already known to be connected to Amnesty. Interestingly the discovery that Lord Hoffman was "biased" because he had some links to Amnesty International has not been accompanied by investigations to show that all the Law Lords are biased every time they jail workers since in doing so they are defending their own considerable property. If Pinochet and his ilk get their just deserts it will not come about through the legal system of any capitalist state but through the action of the working class themselves.

**AD**

Last Issue:  
**Revolutionary Perspectives 12**  
Multinationals and the Crisis  
Imperialism in Central Africa  
Labour's Lost Jobs  
Social Security Robbery in the USA  
Two Texts from Russia  
Soviets *versus* Parliaments  
The Legacy of May '68

# Castro's Cuba: Forty Years of State Capitalism

**O**n January 1st 1959 the guerrillas of Fidel Castro's 26th of July Movement drove into Havana, capital of Cuba. The day before the US-backed dictator Fulgencio Batista had fled into exile. Until then Havana had been, under Batista, an American playground where the Mafia controlled much of economic life as well as all the main trade unions. The Union of Gastronomic Workers, for example, actually built and owned the Havana Hilton (today called the Hotel Havana Libre). Gambling and prostitution were the main money earners for those with access to US tourists. One of today's ironies is that the prostitutes have returned (it is calculated that there are now 10,000 prostitutes in Cuba) with the mass tourism Castro has had to fall back on since the USSR collapsed. With the loss of its multi-million dollar a day subsidy and in the face of a continuing US blockade foreign tourism is about all that keeps Cuba going. "Going" might be an exaggeration as nearly every economic and social indicator is in reverse. Even the much-vaunted health system is (like healthcare in the rest of the world) in deep crisis. Castro has manoeuvred astutely to court European governments (especially Spain) and has even managed to become a source of friction between Europe and a USA which passed the Helms-Burton Act designed to penalise any European firm which broke the US blockade. Castro has been so desperate to find new allies that he even had the Pope in Cuba in 1998 (despite the secret and public role the Catholic Church carried out for the CIA in destroying Castro's old Stalinist allies in Eastern Europe).

Castro has also benefited from sentimental support from those who see Cuba as either a "socialist experiment" or mounting a plucky resistance to the tyranny of the United States. On the twenty-fifth anniversary of the revolution we devoted two small articles in our paper, *Workers Voice*, to show that not only was Cuba not socialist it was

also not even "anti-imperialist". Over the years several comrades have asked for reprints of them and so we have printed them again without alteration.

Indeed there is nothing to alter. Today, of course the situation is different since Cuba is no longer a client of either the USA or the USSR but it is still very much a pawn of imperialism. At the moment it has no godfather (which means the Cuban youth are no longer dying in Grenada, Angola or Guinea-Bissau as they did in the seventies) but that does not mean Castro is still not trying to find one. What we can say is that the whole history of Cuba demonstrates the impossibility of any state achieving real independence in the epoch of imperialism. No state has tried harder than Cuba to achieve this and whilst it could be argued that Cuba is currently not dominated by any great power this is obviously not a permanent condition.

At the same time Cuba is not "socialist" in any sense of the word. Holding hard currency has been legal in Cuba since 1993 which means that those Cubans who get it are in a different class from everyone else. Cubans who do get hold of hard currency have generally done so via some form of illegal activity.

Meanwhile rations have been cut further for ordinary Cubans though that does not affect the not-so-new class of "comandantes" (which include Castro and his brother Raul) who don't have to live off the ration card but instead have a comparatively luxurious life. All the laws against not working hard (or face gaol) are still in force and new ones against "labour indiscipline" have been added (to attract British, French and Spanish firms to invest in Cuba). Its wage labour is even doubly exploited since foreign firms purchase Cuban labour from the state and the state then only passes a proportion of the wages on to the workers who are taken on. Socialism will abolish wage labour, will be run by workers councils which have

sovereign authority (Castro's so-called Committees for the Defence of the Revolution are simply means for the state to control every street and every block) and of course such a socialism can only

be built on an international scale. Socially too the regime is noted for its homophobia and as elsewhere blacks are noticeable by their absence from the higher ranks of the state. Cuba, like every other state in the world is capitalist. Today it is still nationalism which is the real ideology on which the current Cuban ruling class rely. They will have to be overthrown just like the ruling class in any other state.

## Los Angeles Workers' Voice Leaflet Bombing for Oil, Profits, and Imperialism

*Continued from page 23*

Working class people and activists cannot trust the lies and double talk of the bosses, Democrats or Republicans, and their media apologists. We need to build up our own new oppositional organizations of struggle, political and industrial, to oppose the attacks on our livelihoods and our lives. Leaving matters to the "experts" bribed by capital only means means letting the profit system destroy the environment, pauperize more millions, speed up those on the job, promote reactionary patriotism & nationalist divisions, and capitalism's wars for oil and profits.

# CUBA IS CAPITALIST

For Marx communism or socialism (he used both words) could only come about in a society of abundance, of material wealth. Init goods would be distributed on the principle of "from each according to his ability; to each ~ according to his need". On the other hand the chief way in which capitalism can be recognised is in the use of wage labour. For Marx "wage labour pre-supposes capitalism". ' All the so-called socialist societies of today, from the USSR and Eastern Europe through t China, Albania and Vietnam keep this central feature of capitalism.

In every society which pays wages the workers produce surplus value. In other words they are denies the full product of their labour. These societies, no less than the West, are thus exploiting societies - in short, capitalist societies. It's true that the state rather than an individual is the boss but this in no way changes their capitalist nature. As Engels wrote a century ago,

*... the transformation . . . into state ownership does not do away with the capitalistic nature of the productive forces . . . The modern state, no matter what its form, is essentially a capitalist machine . . . The workers remain wage labourers . . . The capitalist relation is not done away with. "*

(Anti-Dühring pp 329-30)

Many will therefore agree with us that the USSR, China, et. al. are state capitalist but when faced with its tropical version in Cuba they begin to show doubts. They argue that its "different", that it has features of "real" socialism or that it has to be defended because it is "progressive". Such fantasies of the left can easily be dispelled by looking at the facts.

## Class in Cuba

Let's begin by looking at the conditions of the workers. It's true that Castro ended the unemployment rate of 25-30% common in the 1950's but this has only been

achieved through huge Russian subsidies which hide massive unemployment. Workers on state farms work 5 hours and get paid for 8, whilst seasonal workers get paid a full year for 6 months work. This doesn't really matter since there isn't much to buy. Castro also introduced a social security law in 1962 but by 1969 only 6% of Cuban workers had fully qualified for all pension and social security benefits because this depended on a good work record. This was further tightened up in August 1969 by Law No. 225 which established work control cards for all workers. They record each worker's background, political activity and productivity. Without it you cannot work or receive a wage. In addition it is a crime not to work (under the 1971 "Law Against Idleness") whilst increasingly labour is being militarised. Thus the tendency is to increase rather than decrease exploitation.

As a preparation for this school children are also militarised. They are sent to "schools in the countryside" which are subject to military discipline. The motto of the Ministry of Education is "Study, Work, Rifle" and the aim of its schools is to teach the virtue of productive work and of dying for the "socialist fatherland" in Africa. (There are 25, 000 Cubans in Angola alone.)

But even militarisation has not succeeded in lifting productivity and 20% of Cuban workers are now on piece work whilst 50% have to achieve a production quota before getting paid.

At the same time a new ruling class has emerged. Judges, technicians and ministers get ten times the workers' wage and don't have to depend on their ration card like the rest of the population. They also have access to the fleet of 1, 500 Alfa Romeos Castro bought for the use of the elite. As one Castro sympathiser has noted, this has led to

*A problem whose existence has only recently been acknowledged (which) is the high degree of social tension between the labour force and the state bureaucracy.*

(Cuba in Revolution Valdes and Bonachea p. 378)

This is an understatement since workers who go on strike are arrested in their hundreds, whilst some leaders of striking canecutters have been sentenced to death for "sabotage".

## Propaganda against the People

Yet to read books written by Castro supporters in the West one would think Cuba was the ideal democracy in which "the people" really take part. This is totally untrue. In fact Cuba is nearer to the fascist political model than any other. Castro is referred to as the great leader who makes six big speeches every year excusing failures (like Grenada), or setting targets for mobilisation. The much-talked about "People's Power" is in fact nothing but an attempt to mobilise more Cubans behind the targets Castro sets and to give life to dead bodies like the state unions. All the real decisions aren't taken by the Cuban Communist Party (set up in 1965) but by Castro and his immediate cronies. Castro owes more to Napoleon than Marx in that he relies on nationalism and plebiscites to win over the masses (97% voted for the 1976 "socialist" constitution - Hitler got similar votes when he made himself Führer of Germany).

Cuba shows clearly that socialism is not something that can be imposed by this or that dictator or group of dictators. Despite its romantic image, political mobilisation has been very much on the totalitarian model, with children drafted into the "Camilitos" (a militaristic Boy Scout movement like the Hitler Youth or Stalin's Komsomol). Even in its famous campaign to wipe out illiteracy in 1961 the Cuban state did not have educational but political goals. Like Stalin in the 1930's, Castro realised that the state's political aims would reach more people if they could read. Books used were more like political than teaching manuals, including such definitions as "economic blockade . . . a

state of siege imposed by imperialism (which) we have conquered thanks to the countries which trade with us.<sup>1</sup> Not bad for beginners. At the end of the campaign all Cubans had to write a letter to Castro, thus getting them to recognise the new state structure and their 'great leader'.

## Conclusion

To those who still want to believe that there is a "socialist paradise" on earth the facts we have outlined here will seem unpleasant. No doubt some will take comfort in the view that we "must have got them from the CIA". (In fact many are taken from the speeches of leading representatives of the Cuban state. They confirm what genuine Marxists who have not sold their critical capacities to imperialism have always known. Socialism cannot be built in one country alone (as was proved first in Russia in the 1920's). And socialism cannot be imposed on the working class by a small elite trying to make capitalism work more efficiently. The tasks of the Cuban working class remain the same as before. They are the same as for workers everywhere. Only the international workers' revolution will open up the conditions for the realisation of socialism worldwide. Only then will the dictatorship of Castro give way to the dictatorship of the armed workers' councils.

# Cuba: Pawn of Imperialism

**C**uba in the twentieth century is a perfect 'example of how imperialism causes stagnation in the economies of industrially less developed countries. It is also a perfect example of how "national liberation" from imperialism is impossible today. All that these weaker economies can do is change from one imperialist master to another (from the USA to the USSR or vice versa).

In fact in the last 100 years Cuba has been a colony of three empires, since it was only in 1902 that it became "independent" from Spain.

This independence was, however, more formal than real since Cuba had won its "independence" as a result of the Treaty of Paris which ended the Spanish-American War of 1898-9. No Cuban was present at the peace conference.

## Under the heel of the USA

**U**ntil 1902 Cuba was occupied by US troops who left when the Cuban government agreed to include the following clause in "independent" Cuba's constitution:

*... the US reserves and retains the right of intervention for the preservation of Cuban independence and the maintenance of stable government... .*

In other words, modern imperialism had arrived in Cuba. Although no longer occupied by foreign troops Cuba was a colony of the USA in all but name. Before 1933 the US Army was to enter Cuba on at least 3 occasions. The US soon began to feel the economic benefits of "our Cuban colony". In 1903 Cuba was also forced to sign a trade treaty which worked entirely to the benefit of the US. Cuba was allowed to sell sugar (which then, as now, provided over 80% of its earnings) at 20% below the US sugar tariff whilst the USA was allowed to sell to Cuba a

whole range of goods at a similar reduced tariff. The effect of this treaty was to force Cuban capital into total dependence on the world price of a single crop whilst cheap US imports prevented the growth of local industry. It wasn't long before Cuba began to pay the penalty for this. By 1910 the cheaper Cuban sugar had pushed all other sugar (which had to pay the full US tariff) off the US market. For Cuban sugar this meant that further increased production only lowered its world price (since the extra would be sold on the world market), ensuring that the sugar industry would never greatly improve its investment returns. Only the extra demand for sugar from the Allies during World War One (1914-18) prevented a crisis breaking out immediately. When the war ended the demand for sugar collapsed and so did sugar prices. So too did any hopes of an independent Cuban capitalism. By September 1921 78% of the Cuban sugar industry and the banks which had supplied them were in the hands of US banks and corporations. But instead of cutting sugar production in order to raise sugar prices (the obvious course from the point of view of Cuban capital), these US monopolies increased it.

This lowered the world price of raw sugar (thus hitting Cuban producers) but these banks and sugar companies also invested in refined sugar and so cheap raw sugar was in their interest, even if it did make Cuba poorer. Cheap raw sugar helped to increase profits for refined sugar investors. This is a perfect example of how capitalist imperialism works all over the world, where raw materials are bought below value and then sold back to the supplier as finished goods with grossly inflated prices. Cuba provides another example. Before 1959 there was no canning plant on the island so fresh tomatoes and fruit sold by Cuba to the US often returned there in tins at inflated prices.

## The 1933 'Revolution'

These sort of policies by US imperialism led to the rise of Cuban nationalism and to state "intervention in the economy". In 1926 the dictator Machado introduced an Act to limit the production of sugar. Whilst this pleased the local Cuban capitalists (since it raised sugar prices and thus their profits) it threw many Cuban sugar workers out of work. And when the US raised the tariff on Cuban sugar in 1929 sales to the US fell and led to even more unemployment and starvation. In 1933 the result was a popular insurrection, led by sugar workers, which overthrew Machado. A mass strike throughout the whole island led to workers seizing 36 sugar mills and even establishing a "soviet" at the Senado mill. However, lacking the leadership of a revolutionary party, the workers fell under the leadership of the Stalinist Popular Socialist Party (PSP) which contented itself with calling for an 8 hour day and legal unions. The Cuban workers missed their chance to seize state power but the insurrection itself; highlights how workers' interests in the 20<sup>th</sup> century are NEVER the same as their bosses, even if they have the same nationality. As the working class had exhausted itself in the earlier struggle the army, under Batista, was able to seize power and workers were driven into the mills and fields at the point of the bayonet.

Batista didn't rely on the stick alone. He recognised the leadership of the PSP over the unions as the best way to prevent the class struggle from getting out of control. At the height of the Stalin-Roosevelt alliance Batista even included, with the apparent blessing of his masters in Washington, two leading members of the PSP in his government.

### Cuba before Castro

After 1933 government intervention in the sugar industry also increased in order to keep farmers, businessmen and the sugar mill workers happy. In 1950 the World Bank described what was happening in the Cuban sugar industry as,

*... perhaps one of the most elaborate patterns of government*

*control ever imposed on an industry short of actual nationalisation. . .*

Nationalisation didn't happen because the sugar owners still dominated the state, and in any case the Cuban ruling class didn't want to annoy the USA. However, profits were no longer what they were for the US monopolies. and because of increased government control; they cut their investment in the sugar industry by half and sold half their mills to Cubans. According to Cuba's nationalist leaders, this transfer of ownership should have stopped much of the profits produced by Cuban workers from going out of the country. This should have ended the 30 years of economic stagnation and led to industrialisation. But it didn't. The Cuban ruling class did get more profits, but not enough to make it worthwhile investing in new productive industry. They could not compete with the prices of US goods. Further, the US wouldn't allow Cuba to run up a national debt – an essential part of all industrial revolutions. In the 1950's all US loans were repaid within 30 days. So instead the local capitalists used 60% of their new income to buy houses in West Havana and Miami. Cuba became a playground for US millionaires and the Mafia set up gambling dens and brothels all over Havana.

The rampant corruption of Cuban politics and the wealth and luxury of Havana contrasted markedly with the life of the vast numbers of rural unemployed in the sugar industry. They only worked when the sugar harvest (zafra) was on. The rest of the year was called the "dead time" and for many this was literally true.

### How Castro changed Cuba's Master

Castro's take-over ended all this. In 1959 Castro didn't claim to be a socialist. In fact rather the opposite. The Programme Manifesto of the 20<sup>th</sup> July Movement and Castro's speech at his Moncada trial [in 1953 when Batista defeated his first attempt at insurrection] are specifically anti-socialist and anti-working class. He said the Cuban worker, . . .

*should not be alien to the fatherland's sorrows and should abandon his class isolation and negative passivity. . .*

He went on to say Cuba's ideology "will not be something imported from other places" and set out his creed as "democracy, nationalism and social justice". By "democracy" he meant that of the USA (he quoted US Presidents Lincoln and Jefferson with approval) while his nationalism included a "doctrine of constructive friendship with the USA since "it is improper in America to use the word 'imperialism' ". On a trip to the USA in May 1959 he said,

*I have clearly and definitely stated that we are not communists . . . The gates are open for private investment that contributes to the development of Cuba.*

Castro was, and is, a nationalist, in essence a typical South American demagogue. How then did he decide to call himself a "Marxist-Leninist" on December 2<sup>nd</sup> 1961?

The answer is very simple. Castro's main aim as a nationalist was to industrialise Cuba. But Cuba's nationalist claims had already gone as far as they could without directly attacking the aims of US imperialism. Thus a minor land reform in May, 1959 (which was less radical than the one General Macarthur had introduced in Japan after World War Two) led to protests and threats by the USA. This was followed by Eisenhower's cuts in the Cuban sugar quota. Previously the threat of such a cut would have been enough for a Cuban government to back down. On television Castro pleaded with Eisenhower that he only wanted a "change of proportion" in relations with the US. Eisenhower refused to listen and US propaganda portrayed Castro as a "communist".

Castro still wavered, but in February, 1960 the USSR offered to take Cuba's unsold sugar for five years (at a relatively high price). Castro saw his chance. With Russian aid he thought Cuba could abandon its dependence on sugar production and industrialise. In a last desperate attempt to stop Castro taking Cuba into the arms of Russia, Kennedy launched the Bay of Pigs invasion (which had been planned by the CIA during Eisenhower's presidency).

This ended in humiliation for the US and provoked a Cuban nationalist reaction which made Castro more secure than ever. However Castro wanted greater military security and so he now declared himself a "Marxist-

Leninist" (i.e. a Stalinist). In mid-1962 he persuaded the USSR to send missiles to the now "socialist" Cuba. The withdrawal of these missiles in face of a US threat to start a nuclear war was a setback for Castro. More significantly

he began to realise that Cuba had not, after all, escaped the clutches of imperialism. He had simply changed one imperialist master for another. In the deal patched up by Kennedy and Khruschev after the 1962 missile crisis, Khruschev, without consulting Castro, allowed the US to enter Cuba to make sure the missile sites had been dismantled. Castro was furious and publicly denounced the USSR. He even thought of turning to China for "disinterested" aid. His economic advisers pointed out that China itself had enormous economic problems in its attempt to balance between the imperialist camps.

### Russian Imperialism

So Castro found himself Russian 'aid' and like American 'aid' it came with strings. A 2.5% interest was soon added to the original interest-free loans. These state capitalist terms may sound more generous but it must be remembered that in every agreement signed by Cuba with the USSR 80% of the

'aid' money had to be spent on Russian machines and goods. These were sold to Cuba at between 11% and 53% more than Western equivalents. But it was through sugar that Cuba once again experienced the bitter taste of imperialism. The USSR doesn't really need sugar since it produces enough sugar beet. But it resells Cuban sugar at a higher price to its East European satellites and thus, like the USA, profits by unequal trade. Castro had hoped to end dependence on sugar by industrialising but Russian advisers encouraged him to develop the industry. They were encouraging him to develop Cuba's dependence on Russia. In 1964 Castro adopted his Perspective Sugar Plan which aimed to produce a record 10 million tons of sugar by 1970.

It had to succeed because the Eastern bloc countries were going to "buy" 8.2 million tons. If Castro was to win any room for manoeuvre he had to get as much convertible (i.e. Western) currency as possible by selling Cuba's full quota of 1.5 million tons on the free market. This was why he needed 10 million tons in 1970. The Plan failed and only about 8.5 million tons were produced. It was an economic disaster from which Cuba has never recovered. The effort ruined fields and mills for years after and since then the harvest has always been below 6 million tons. It has left Cuba totally dependent on the USSR, owing it 10 million tons of sugar as well as over 6 billion dollars. It is calculated that it costs the USSR \$3 million a day to support Cuba.

This shows that imperialism doesn't always operate with shopkeepers' logic. In Cuba the USSR gets returns on its investment in political and military benefits. Castro has become increasingly the faithful "revolutionary" mouthpiece of the Kremlin. In the early Sixties Castro tried to follow an independent foreign policy by promoting "armed struggle" in South America against Moscow's wishes. This collapsed in Bolivia in 1967 when Che Guevara was murdered (after being abandoned by members of the pro-Moscow Bolivian Communist Party). In 1968 we find Castro defending the Russian invasion of Czechoslovakia and in 1973 he made himself particu-

## Publications

### The Platform of the International Bureau for the Revolutionary Party

In English, French, Italian, Farsi and Spanish versions. Each 50p. Revised version.

Bureau Pamphlets in **French**:

**L'Approche a la question du Parti**

**Le bordiguisme et la gauche italienne**

**La conscience de classe dans la perspective marxiste**

**Les origines du trotskysme**

All 15FF (postage included) or £1.50 from either of the Bureau addresses.

In **Farsi**:

**Internationalist Notes**

(Write for information on other Farsi publications.)

CWO Pamphlets:

**Socialism or Barbarism**

*An Introduction to the Politics of the CWO* £2

**South Africa: The Last Fifteen Years**

*A compendium of articles from Workers Voice since 1980* £3

**Economic Foundations of Capitalist Decadence**

*CWO Pamphlet No. 1* [Out of print]

**Russia 1917**

*CWO Pamphlet No. 2* £2

**Platform of the Committee of Intesa 1925**

*CWO Pamphlet No. 3* £2

larly useful in denouncing China at the Conference of Non-aligned Countries in Algeria. In 1975 his dependence on the USSR was revealed in fawning terms at the only Congress of the Cuban Communist Party,

*... no true revolutionary, in any part of the world, will ever regret that the USSR is powerful, because if that power did not exist... the people who fought for liberation would have no place from which to receive decisive help... (they) would have been turned into colonies once more."*

But as we have shown, Castro's Cuba is still a colony. All that has changed is the imperialist master, however much he chooses to disguise state capitalism as "socialism."

Today the Cuban workers are literally paying back the "decisive help" the USSR has given Castro with their own blood. It is for the interests of Russian imperialism that Cubans died in Grenada and continue to die in countries throughout Africa.

CWO 1984

# Brazil: Another Crisis of International Finance Capital

**S**ince the beginning of the year the media have portrayed Brazil as the line drawn in the sand. If this is so, then it is a line drawn in the sand of an hourglass, running slowly but surely away. Already there has been a further knock on effect of the Brazilian crisis in Argentina, Uruguay and Venezuela (see article in this issue). The masters of international finance capital and the leaders of states have tried everything they can over the last twenty five years. We have seen Keynesianism, neo-liberalism of all sorts, even neo-Keynesianism recently. But time, opportunities and alternatives are running out for the capitalist system — grain, by painful grain.

ther rescue package. \$25bn more was agreed (making a total of \$66bn, as against only \$22bn for Russia). The fear was that if Brazil went down then it would knock on and help to bring down other Latin American economies. But this rescue package was still tied to particular conditions which include further cuts in state subsidies to Brazilian manufacturing. After an initial visit by an IMF team, Michel Camdessus is said to be making the trip to establish a 'new economic and monetary framework'. But the inevitable consequence is that more and more jobs will be lost as multinationals take flight and prices will rise increasing the suffering of an already grossly suffering and exploited working class.

## Carnival for Speculators

**B**razil started its downwards spiral in the wake of last year's Russian crisis, propelled by the speculators of global finance. Fearful of problems in the Brazilian economy being passed on to those investing in Brazil capital drained from the country. At times over \$1bn was leaving each day. The Real hit the bottom of its exchange rate band against the dollar. The Real which was brought in just over four years ago to stabilise the chronically problematic economy and replace the old currency, the Cruzeiro, was originally pegged against the dollar. When it looked like collapsing last autumn the IMF came in with \$41 billions to support it on the understanding that there would be no wholesale devaluation. Brazil was allowed to widen the band in which it could trade against the dollar but this turned out to be a red light for further capital flight. The Bank of Brazil eventually gave up and the Real was finally fully floated in the middle of January. It has now lost over 25% of its value.

The IMF, despite having got its fingers burnt already quickly arranged a fur-

## Where is the Crisis Going?

**O**n the surface it looks as though the IMF and the US have been very successful in stabilising the Brazilian situation. However this is because the huge capital outflows from Brazil's own capitalist class were the real motivators of the current crisis rather than footloose international finance capital running round the planet looking for fast buck. These investors have now transferred their investments to the US (mainly into US Treasury Bonds) but for all that it is not good news for world capitalism. The Brazilian crisis resulted in a fall of 30% in the value of its currency. This will have a profound effect on its Latin American neighbours, particularly Argentina which might be forced to devalue to maintain its exports. This in turn will hit the US since 20% of its exports go to Latin America (compared with 1% for example to Russia). What is happening then is that a crisis caused by bad debt and speculation last spring in SE Asia is now coming to hit trade in goods. If this leads to more devalua-

tions there will be further catastrophes in the future. At the moment all the leading finance ministers and state bankers are pulling together in a frightened effort to bolster the only thing keeping the world economy alive — confidence. What they can see over the horizon are further problems with the Chinese and Japanese economies. They have manufactured more and more 'fictitious funds' but can only be afraid of how long they can realistically continue to churn them out. There is a definite possibility of further moves towards currency blocs, with the firming and expansion of \$, and Euro zones. If no further monetary or financial maelstrom does not appear then currency imperialism and trade wars might hamstring the general co-operation between imperialists in the face of continuing economic stagnation. Recently the Financial Times concluded that

*It will take skill and a lot of luck for the world's leaders to prevent this economic crisis from intensifying.*

See Brazil's Burning Fuse in The Financial Times January 25th 1999.

They have already shown plenty of skill and enjoyed their fair share of luck. Bring on their doom and a fighting working class to put the world out of its misery!

cde

# Elections in Venezuela — a Country Reduced to Hunger.

Confirming the pre-election predictions, the ex lieutenant colonel Hugo Chavez was elected President of the Venezuelan Republic by a wide margin. Something of an ambiguous personality, Chavez matches perfectly the model of political transformation so typical of Latin American history; over the years he has systematically changed his political positions. The new Venezuelan President first made the headlines in February 1992 when he became a protagonist of an attempted military coup, which failed miserably due to the stiff opposition of the majority of the army remaining loyal to the "democratic" order of the then President Perez. The coup attempt of 92, carried out by low-ranking officers such as lieutenant colonels, majors, captains and lieutenants, was supported on the political front only by the "Bolivarian National Movement", a politico-military organisation founded several years earlier by Chavez himself. The lieutenant colonel's failed coup was not a bolt out of the blue, but part of an extremely turbulent social struggle. In fact a few years earlier there occurred a massive explosion of urban violence, when the inhabitants of the poor districts of Caracas, the so-called "Ranchos" literally invaded the capital, ransacking everything possible. The hunger revolt, as it was later labelled, was tragically put down by the military leaving more than 400 deaths and thousands of injured. The aggravation of the country's economic situation and the ever-more insistent calls for a new military coup attempt led President Cadera, leader of the Copei, supported by the Movement towards Socialism (Mas) and the small communist party, to open the prison doors in which Chavez had been locked away in 1994. Free once more, the ex-lieutenant colonel wasted little time, and within a few months brought about a new politi-

cal movement at first called "The Fifth Republic Movement, and then "The Patriotic Pole". After the failed coup experience, Chavez radically changed his political strategy and sought out political allies amongst Venezuela's left-wing parties, Mas and the small communist party which previously had supported President Cadera. From military coup leader, supported by the most reactionary right-wing forces, Chavez transformed himself into a popular hero, a modern Bolivar, adored by the dispossessed Venezuelan masses looking for a way out of an increasingly acute social situation. Throughout the 70's, benefiting from the high price of oil, Venezuela experienced a long period of economic growth, so as to be able to provide the Venezuelan proletariat with a standard of living clearly superior to that of other Latin American countries. However the collapse of the price of oil in the early eighties forced the Venezuelan bourgeoisie to restructure Welfare and impose heavy sacrifices on the proletariat. The immense financial resources accumulated via the sale of oil (according to official estimates the Venezuelan government received some \$240 billion between 1973-83) instead of being ploughed into the productive sphere, were recycled into the speculative sphere. The Mexican financial crisis of December

Out Now  
*Internationalist Notes* 17  
 with articles on  
 Chemical Warfare  
 The Nature of  
 Democracy  
 The War on Iraq  
 obtainable by writing to  
 IN, Box 1531, Eau Claire, WI  
 54702

94 further aggravated the economic situation, making its effects felt throughout Latin America, with capital flights, vertical collapse of stock markets and drastic devaluations of the various currencies. The "tequila" effect (the spreading of the effects of the Mexican crisis to all other Latin American countries) also hit Venezuela, contributing to a growth in inflation and the devaluation of the Venezuelan currency, the Bolivar, vis a vis the dollar. The increased value of the dollar on the one hand led to an increase in the level of inflation and capital flight abroad, on the other hand it eased the same negative effects of the Mexican financial crisis, as far as the income derived from oil revenue increased. But this "privileged" position for Venezuela over the medium term has became a double-edged sword which threatens to suffocate the whole Venezuelan economy. According to data produced at the beginning of December by the World Bank, in 1999 Latin America will be more than any other area affected by the negative effects of the financial crisis which hit the Asian Tigers in 97 and Russia last summer. In fact according to the forecasts of the World Bank, the average growth rate of the countries of Latin America will not exceed 0.6% next year. Venezuela is moving from 6% growth in early 1998 to negative growth of -1%. It is easy to imagine the consequences on the social level of an economic recession of such magnitude in a country where 80% of the population lives in conditions of poverty. Alongside the difficulties arising as a result of the international recession, which is translating into a contraction of production and a sudden lowering of the living conditions of the proletariat, the Venezuelan economy also suffers from an economy essentially based on the industry of oil ex-

port. One of the founding members of OPEC, Venezuela is one of the main exporters of crude oil; more than 70% of the value of her exports derives from the sale of oil on the international market, whilst 25% of the GDP is represented by the oil industry. The continuing fall in the price of crude oil has literally brought the entire Venezuelan economy to its knees; the government is in the critical situation of being no longer able to honour the huge foreign debt via the income derived from oil sales. The same mechanism which brought about the collapse of the Russian economy last summer is in motion. Faced with the prospect of a new economic-financial crisis of vast proportions, the electoral promises of the new President Chavez sound increasingly spurious; promises to reduce unemployment (the official rate is over 20%), help the most disadvantaged and develop the social state (propaganda which has irritated the IMF and will probably prevent future support to confront a more than likely Venezuelan financial crisis). In fact the Venezuelan bourgeoisie, like its international counterparts, is preparing to unleash new, harsher attacks on a proletariat as yet unable to oppose the politics of sacrifice and defend its own class interests.

Out soon

## ***Internationalist Communist 17***

**Kosovo**

**The Euro**

**Defence of Proletarian Struggle Groups**

**International Bureau for the Revolutionary Party**

**Statement on Iraq**

# The World Capitalist Crisis Deepens

In November 1998 the CWO held two public meetings on the theme of the growing crisis of the world capitalist system and how the working class could resist it. The opening speech to the Sheffield Public Meeting is printed after this brief introduction. This in its turn is followed by an article replying to the analysis of the capitalist crisis put forward in *World Revolution*, paper in Britain of the International Communist Current. It was actually the substance of our reply to the views put forward by ICC members in our two meetings. However the discussion also took in other issues. The themes we developed were that the concentration of capital which Marx identified as early as the 1860s were continuing in the so-called "globalisation" phenomenon. We made it clear in the meetings that our view of globalisation isn't the same as that between the various factions of the capitalist class. For them the debate is between strategies for managing the national capitalist entity. The neo-liberals of the Right welcome globalisation as "the ultimate extension of the market". Basically they blame the capitalist crisis (which started in 1973 not 1993) on the Keynesian and state capitalist regulation of the national economy in the 1950s and 1960s. This came decisively unstuck in the hyper-inflation of the 1970s. Governments running up huge deficits which they then tried to reduce by increased taxation to redistribute surplus value to the ailing parts of the economy clearly hit trouble once the post-war boom had ended since the tax burden required would have paralysed further accumulation. This is why the 1980s was an era of cuts. For the state capitalist and Keynesian Left, on the other hand, the problem is that the market needs more regulation and more protection to prevent the meltdown of the productive base of the "national economy". For those who defend the Trotskyist variant of state capitalism only more nationalisation can prevent wholesale

unemployment (these poor souls have the misguided idea that nationalisation is a step to socialism when in fact it is a barrier to it). Neither "solution" has worked in the last thirty or so years. As a result we have reached the first period in capitalist history where inflation and large scale unemployment have kept each other company. We can thus safely discount all the "panaceas" offered by the various shades of capitalism. Despite all the fuss about "Thatcherism" and "monetarism" regulation never went away. We have not returned to the liberal economic policies of the nineteenth century. The state still redistributes surplus value via grants and the fiscal system. What has changed from the 1970s is that public debt has been transferred to the hands of private financial institutions. The state may be the lender of last resort as far as national issues are concerned (and increasingly it uses discretionary grants to attract foreign capital investment - the disaster with Siemens et al. in the North East was caused when the grant periods expired). On a wider level the international credit expansion of the 1970s which was set in train to deal with the stagnation of the world economy has turned states from being large concentrations of capital into smaller players. They no longer have the mass of capital to be complete masters of their own destiny. What was noticeable in all the crises of 1998 was that even the USA could not get packages together in time in order to bail out the hyper-debts of Thailand, Malaysia and Russia etc.. And where stability in the international financial markets has been achieved it has largely been due to the efforts of the US Federal Reserve headed by Dr. Alan Greenspan. It was his persuasion that finally allowed extra US funding to the IMF to be voted by a reluctant Congress. His argument was that either the US helps Brazil etc. or else it too would be overwhelmed by a global financial catastrophe. Dr. Greenspan had obvi-

ously read what we stated would happen twenty years ago. In

*The enactment of autarkic measures (tariffs, international credit restrictions, competitive devaluations) would swiftly lead to an economic catastrophe which capitalism could face with little optimism. Thus, though in the long run, they may be unable to avoid such measures, in the short run every weapon in their arsenal will be used to postpone it, and the key weapon in this is international credit expansion.*

Unfortunately for Dr Greenspan we were not however arguing that capitalism could go on for ever.

*The real crunch for capitalism will come when its international equilibrium mechanisms at the financial level are themselves facing bankruptcy, which will reflect the further decline of the capitals which are strongest at present, and their growing inability to support the weaker ones.*

Both quotations from our pamphlet *The Economic Foundations of Capitalist Decadence* pp. 72-3. An updated version will appear shortly. Until then the original version can be found on our website). The US Federal Reserve under Greenspan had to ensure that international financial mechanisms operated because there was an enormous leap in the capitalist crisis last year. Russia to all intents has collapsed but as it only accounts for a tiny fraction of world trade it is side issue. The crisis of the Japanese economy is much more serious for global capitalism. It is not just a recession in terms of the capitalist business cycle but the end of a long cycle of accumulation - a situation which can only be resolved by another massive devaluation of capital values. In the meantime Japanese economic policy is paralysed. The only defence Japan has is to buy US dollars in order to keep the yen low - a permanent technical devaluation which has

brought rumblings of trade wars from the USA. Indeed new ways of fighting a trade war are already underway. The collapse of the South East Asian bubble has led to a fall in the market for steel. Taiwan has introduced anti-dumping duties to make this worse. Japan has reduced its steel production by 12%, Europe by 7%, but US steel producers have been given \$300m in tax breaks in order to carry on producing. Japan and Europe have both complained that this is a breach of World Trade Organisation rules. This could still end in a full-scale trade war (especially given the tussles going on over primary products such as the 1000% tariff the Japanese have put on imported rice mainly from the US). If it does it will mean that we have taken another step towards the precipice.

## Globalisation and the Nation State

The USA itself is fully immersed in the contradictions brought about by what we define as globalisation. For us globalisation is simply a continuation of the tendency towards centralisation of capital identified by Marx which ended up in the capitalist monopolies of the age of imperialism. The difference is that in the earlier phase of such monopolies the state could actually dispose of a greater mass of capital than most of these monopolies taken individually. And indeed state monopoly capitalism was a major player until the capitalist accumulation cycle hit the buffers in the 1970s. Today the transnational corporations are dominated by the financial institutions rather than industrial production. They dispose of greater wealth than nearly every state on the planet. The vast majority of these corporations are

American and ultimately the wealth of the world finds its way increasingly to the US. 80% of all global transactions are in dollars. The capitalist system has therefore one further contradiction to add to its accumulating contradictions. It is basically organised around the nation state yet the nation states (particularly in the periphery) have less and less control over what goes on inside their own borders. The debate between the capitalist right and left is increasingly pointless. The Right are merely dreaming about a return to liberalism which could not happen without massive economic and social breakdown. The left have a more complicated series of responses. The liberals of the capitalist world want it to be ethical. they want consumers to buy organic and local and to boycott transnational products until they start paying "decent" wages. They are living in a fantasy world. Equally fantastic but much more dangerous for workers are the state capitalists. These

## Revolutionary Perspectives Back Issues

*Magazine of the Communist Workers' Organisation*

- 1: Spain 1936; The Indispensable Engels; Islamic Fundamentalism; Strikes in France; Dayton Peace Accord; US Global Domination; Israel After Rabin
- 2: Communist Manifesto; From Capitalism to Communism; Ireland; Socialist Labour Party — Then and Now; Job Seekers' Allowance; 1926 General Strike
- 3: Middle East; Spanish War, 1936; Class Struggle; Germany's Crisis; Russia; Elections Against the Working Class
- 4: Labour; Crisis and Welfare State; Unemployed Struggles; Middle East; Ireland; Leninism; Racism, Sexism and Communism
- 5: Globalisation and Monopoly; World Trade Organisation; Welfare Cuts; Perspectives of the CWO; Strikes in France; Ireland
- 6: International Class Struggle; Capitalist Crisis; Labour: A Bosses' Party; Parliamentarism and Communism; The German Communist Left; China After Deng; Imperialism in Africa; Racism and Communism
- 7: New Labour — Old Attacks; Theses on Organisation; US Welfare Cuts; US Imperialism in Asia; Palestinian Question; Italian Imperialism in Albania; Against Wage Labour
- 8: The October Revolution and the Working Class Today; UPS Strike in the USA; Middle East War Process; Labour — Party of International Capital; German Social Democracy in the First World War; Toothless Tigers Reveal the Capitalist Crisis
- 9: Nation or Class; Five Years' Hard Labour; Asian Tigers Reel Before the Power of Global Finance Capital; The Middle East War Process Continues; The October Revolution and the Working Class Today; Readers' Letters; Appeal for Indian Workers
- 10: The Akers McNulty Strike; Student Struggle; 150 Years of Class Struggle; The Kommunistische Arbeiterpartei Deutschlands and National Bolshevism; In the Firing Line (part 1); The Global Imperialist Struggle and the Gulf; Imperialism's New Great Game (in South Asia)
- 11: Japan — Land of Global Capitalism's Setting Sun; New Deal — New Attacks on Workers; Indonesia; In the Firing Line (part 2); Israel, Protégé of America; Russia, from Bad to Worse

range from the out and out Keynesian types like Will Hutton who argue for a return to government spending to prime the pump of demand or like an assorted variety of pseudo-socialists (from the Socialist Workers' Party to the Labour left) who argue for nationalisation and protectionism. Both represent the impossible. The SWP would say that asking for the impossible is a way to socialism which is as neat an argument for not preparing workers for revolutionary change as you can get. This argument might have validity if they knew what socialism was in the first place ("the self-conscious will" of the working class is the basic condition for building socialism not Trotskyist trickery). One thing socialism is not is the nationalisation of in-

dustries working in a capitalist framework.

### The Working Class and the Role of Revolutionaries

This brings us to the final and most important theme of our public meeting which was the question of how the working class would extract itself (and the rest of humanity) from the mire of increasing barbarism which the capitalists have to offer. Capitalism can develop as many crises and contradictions as there are stars in the sky but it can only be ended by the conscious will of the immense majority acting to set up an entirely new

mode of production. In the discussions in our public meetings we maintained that the working class will first have to build an international revolutionary party. This will obviously initially be a minority which will only grow if it develops concrete policies and ideas inside the working class struggles of the future. It was the purpose of our meetings to underline that the socialist revolution will be "a practical affair" (Marx - *The German Ideology*) and not the wishful thinking of utopians and idealists. Understanding the material reality in which we find ourselves is a fundamental prerequisite of communists in order to understand what perspective we should adopt in the current struggles of our class.

CWO January, 1999

## CWO Public Meeting: Capitalism's Global Crisis — Only the Working Class Holds the Solution for Humanity

Nowadays we Marxists don't have to spend a great deal of effort persuading people of the existence of a world economic crisis. Capitalism is almost daily lurching from one crisis to another. Over the last eighteen months we've had the crisis of the so-called tiger economies of SE Asia which began with a run on their currencies. Until then these economies were depicted as something to emulate, from schooling system to flexible labour practices. Now we are told they are enclaves of corruption and crony capitalism and need to be more "transparent". Then there was Russia — a knock-on of loss of confidence in 'emerging markets', when faced with a run on the rouble and subsequent devaluation of currency simply told international financiers that it could not pay its debts. But Russia's crisis, we are told, is 'different'. This is a crisis of transition from "communism" to capitalism.

Next — came pre-emptive moves, principally from the US, to stave off speculative attacks on the Brazilian currency.

Suddenly the US found a means to pay its dues to IMF [\$18bn] (which have been outstanding for years) and together with other interested states finds \$40 odd bn. to support the Brazilian economy. Meanwhile the world's second largest economy, Japan, is in outright recession and the state is busy pump-priming as if Keynes' theories had never been out of fashion. [£88bn was injected in November.]

Now, as Korean or Japanese companies (as well as others) shut plants in the UK; as high street sales decline, Gordon Brown and Blair admit that a knock-on recession is in the offing. It's all part of "globalisation". But this is not an explanation. Globalisation, or rather the accelerated globalisation of recent years is a PRODUCT of the capitalist crisis, which did not begin yesterday but way back in the late Sixties/early Seventies and whose most significant manifestation was Richard Nixon's reneging on the 1945 Bretton Woods Agreement for the post-war world order by de-linking the dollar from gold [1971]. This was followed

by the outright devaluation of the dollar by 10% in 1973. The US, now with a growing balance of payments deficit, would be paying back international loans in a devalued currency and anyone trading in dollars (i.e. most of international trade) would be paid in a devalued currency, an effective price reduction. In other words the US was getting its bloc partners to pay for its crisis. When OPEC states tried to redress some of their lost revenues by quadrupling oil price [at the end of 1973] the crisis in the world economy was put down to the greediness of rich oil sheiks.

But the crisis then was no more a crisis caused by oil barons than it is today due to cronyism. It is something much more fundamental. This crisis is intrinsic to the capitalist accumulation process. Its reappearance in the Seventies gave the lie to Keynesian post-war economic orthodoxy — that crises [boom followed by slump] were a thing of the past. Keynes argues that by means of fiscal and monetary policies implemented by individual states for their

domestic economies and by co-operating through the IMF and World Bank at the level of the world economy to avoid a repeat of trade wars and competitive currency devaluations of the Thirties, global economic crisis could be averted and its most disastrous outcome — world war — would never happen again. The shattering of the myth of a crisis-free capitalism, as well as the consequence in the real world of the intensification of the class struggle in the heartlands of capital, helped to revive Marxism and the value analysis which is at the heart of Marian “political economy”.

Capitalism is the most dynamic system of production that has ever existed. Indeed, it's the only system of production that has ever existed on a global level. Its dynamism comes from its very *raison d'être*: its aim to maximise profits. Without prospect of making a profit capitalists won't invest and won't bother producing. Ever since Marx, the last of the great classical economists, ruling class ideologues have been busy hiding the source of profit which is not something magically conjured out of nothing but is simply the proceeds of the unpaid labour power of the wage workers involved in the production process. True, workers [at least in theory] receive back the value of their labour power in the form of wages — i.e. enough to maintain their existence and ability to keep on working. But they produce much more than that, they produce value over and above the value of their labour power [surplus value] which is appropriated by the capitalist (be it private or state). And thus each commodity that the worker produces for the capitalist represents the material embodiment of a certain amount of labour power, of value. Of course, value is no good to the capitalist as long as it is locked in the form of unsold commodities. He must realise the surplus value [profit] by selling the commodities. By the time of the industrial revolution in England there was already a capitalist market. It was the new production techniques which allowed the industrial capitalist to produce a greater mass of commodities and thereby reduce the value [price] of each individual commodity and wipe out the old cottage industries.

Competition between capitalists was and is the driving force for the continual introduction of new machinery etc., in order to reduce the value of individual commodities [and thus their price]. At the same time it requires an ever-expanding market because of the growing mass of commodities produced. As Marx put it,

*The tendency to create the world market is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome. ... Hence the great civilising influence of capital; its production of a stage of society in comparison to which all earlier ones appear as mere LOCAL DEVELOPMENTS of humanity and as nature-idolatry. ... In accord with this tendency, capital drives beyond national barriers and prejudices as much as beyond nature worship, as well as all traditional, confined, complacent encrusted satisfactions of present needs, and reproductions of old ways of life. It is destructive of all this, and constantly revolutionises it, tearing down all the barriers which hem in the development of the forces of production, the expansion of needs, the all-sided development of production, and the exploitation and exchange of natural and mental forces.*

This is at the heart of what we Marxists today mean when we describe 19th century capitalism as being historically progressive. Marx wasn't saying, obviously, that capitalists were humane and beneficent human beings nor did he deny the misery that capitalism created for the working class. He was merely saying that capitalism's irresistible inner urge to expand was pulling down old feudal restrictions and laying the material basis for a new, superior civilisation or mode of production, as well as forging the social basis for its eventual overthrow [the working class or proletariat]. Nor was the process of development of the productive forces a smooth, linear development. On the contrary capitalism's expansion was dogged by recurring crises on an increasingly wide dimension. These cyclical crises may have appeared to the capitalist as overproduction, too many goods to sell and not enough buyers,

drying up of order books, a drop in prices, but they had their origins in the dearth of the increasing amounts of surplus value required for reinvestment in new fixed capital. Again, this is a problem which stems from the very process of capitalist expansion/accumulation. With new plant and equipment an increased mass of surplus value is created, resulting in an increase in the mass of profits for capital but at the same time also an increase in what Marx called the organic composition of capital — i.e. the amount of value tied up in plant and raw materials [or constant capital] in relation to labour [variable capital]. The result since labour power is the source of capital's profit, is a declining rate of profit.

*This is in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations. It is the most important law from the historical standpoint. [Grundrisse, p 748]*

Why? Because it is both the reason for its continual expansion and the cause of recurring crises during which capital is devalued, becomes more concentrated and centralised and in so doing prepares the way for a new round of accumulation. Historically this meant development from individual entrepreneurs clawing back profits to joint stock companies, and stock exchanges, and on the continent especially the development of finance capital. In terms of the cyclical crisis it meant an increasing synchronisation, first between sectors within domestic economies then throughout the capitalist world. By the end of the century it meant the growth of big business, of pools, cartels, mergers and monopolies at home and the massive export of capital abroad as the drive to offset the tendency for the rate of profit to fall accelerated the search for more profitable investment outlets overseas. This is how a world economy came into being as the battle for new markets and investments, for cheap sources of raw materials became more than straightforward economic competition and turned into what was termed 'the new imperialism' — against a background of a long, drawn-out international crisis, the Great Depression [1873-96]. Like today, the period before the First World War saw a dramatic

increase in foreign trade but even so there were signs of capitalism's movement away from laissez-faire and more direct involvement of the state in protecting the domestic economy. This could be seen in the return to tariff barriers by England and France in depressions of 1873, 1882, 1890 and 1907. Marx (died 1883) did not predict the First World War (although Engels (died 1896) did), he foresaw that capitalism would outgrow the stage of free competition.

*As long as capital is weak, it still relies on the crutches of past modes of production, or those that will pass with its rise. As soon as it feels strong, it throws away the crutches, and moves in accordance with its own laws. As soon as it begins to sense itself and become conscious of itself as a barrier to development, it seeks refuge in forms which, by restricting free competition, seem to make the rule of capital more perfect, but are at the same time the heralds of its dissolution and of the dissolution of the mode of production resting on it. [Grundrisse p.651]*

But it was for the next generation of revolutionary Marxists, confronted by the 'new imperialism' and then by the world war itself to explain the changed reality of capitalism. Bukharin and Lenin [unlike Kautsky] saw that the imperialist war was not an aberrant 'interruption' to the normal course of capital accumulation but an intrinsic part of it since capital had become so centralised and concentrated that the purely economic competition had given way to competition between states whose interests were inextricably bound up with the interests of the monopolies and finance capital. For Bukharin laissez-faire had given way to state capitalism, Lenin used the term 'monopoly capitalism' or 'state monopoly capitalism' (in *State and Revolution*). It was Lenin too who spelled out clearly that with imperialism capitalism had entered a new historical epoch of decay as a mode of production [although saying "It would be a mistake to believe that this tendency to decay precludes the possibility of the rapid growth of capitalism ..."] It is this understanding of the historically decadent nature of capitalism that was at

the basis of the formation of the Third International whose founding Congress announced that the present epoch is one of wars and revolutions. It is in keeping with Marx's own materialist vision of how the inner contradictions of the system which at first led to the development of the material conditions for communism [a higher mode of production] will eventually become a barrier to the birth of that new society.

Here is Marx again in the *Grundrisse*, on the falling rate of profit:

*The growing incompatibility between the productive development of society and its hitherto existing relations of production expresses itself in bitter contradictions, crises, spasms. The violent destruction of capital not by relations external to it, but rather as a condition of its self-preservation, is the most striking form in which advice is given it to be gone, and to give room to a higher state of social production. Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the labourer and a most straitened exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises in which by momentaneous suspension of labour and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on. ... Yet these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow.*

[p.750]

In the 20th century world imperialist war has been the outcome of the cyclical capitalist crisis writ large; the means by which "a great portion of capital" has been annihilated, thus providing the basis for a renewed round of accumulation.

Yet there is a marked contrast between inter-war years and post Second World War years when both the upturn and downturn of the cycle have been much more prolonged. This is due in no small part to the international bourgeoisie having learnt from history and their fear

of a return to the trade wars, and austarkic policies of the Thirties which led to the Second World War.

However, it would be a mistake to see the prolongation of the crisis as a sign that bodies like the IMF et al. can go on indefinitely pretending they are in control and can find a solution. Moreover, despite the overriding desire amongst the strongest states to co-operate over measures to combat the crisis there are conflicting interests which are more and more being felt.

Yet the crisis has been prolonged and in the process has changed the shape of the world economy. We think this can be explained in terms of attempts to offset the falling rate of profit. In the mid-Seventies the falling rate of profit was affecting the mass of profit in all the advanced capitalist states. The devaluation of the dollar is a reflection of this — that the US was spending more than the surplus value being generated (prices did not equal value). This was and is true of all the advanced capitalist states which continue to run up massive national debts as a proportion of GDP [60% for Germany, 124% for Italy, 127% Japan] Even so, the resort to the printing press [deficit financing] had to be curbed since it was leading to massive inflation. This was acknowledged famously by Old Labour when Callaghan announced that Britain couldn't keep spending its way out of crisis.

So more classical means of offsetting the falling rate of profit were allowed to come into play:

1. The wholesale abandoning and annihilation of devalued, fundamentally unprofitable capital which had been more or less protected by the state. (such as the Rust belt in the US, and the privatisation of hitherto basic industries and much more in 1980s UK.)
2. The salvaging and restructuring on the basis of new technology and with the injection of private capital — the state was in no position to provide the mass of capital required — of some of 'old' industries [BT, British Steel, for example]. On a wider level, the restructuring and introduction of new technology to ALL industry in various ways [downsizing, splitting off of whole branches of production so that they can

amalgamate with other companies, as with ICI and chemicals, pharmaceuticals.] It is also part and parcel of the globalisation process — since the domestic market plus a few exports is inadequate for the realisation of profits and centralisation of capital involves combining with foreign firms. The net result is even higher concentration and centralisation of capital and a higher rate of exploitation. Which only poses again the problem of profitability.

3. So, alongside an increase in relative exploitation has come increasing absolute exploitation; lower wages [direct and indirect], de-skilling, loss of job security etc. etc. At the same time, new technology enables capital to open and shut productive apparatus around the world to move it to areas where labour power is cheaper [e.g. India's "silicon valleys".] All this is predicated on a series of working class defeats and the general erosion of the 'post-war settlement' in the Seventies and Eighties.

4. The enhanced role of financial capital has been one of the most striking aspects of globalisation. This is predicated on opening up of international money and stock markets which in turn has led to a massive increase in speculation. In the face of the 'over-production' of capital in relation to profitable outlets in productive sphere, financial capital is finding all sorts of ways to make a profit by parasitic means. Instead of investing in the productive sphere, finance capital gambles on the future price of commodities, speculates on currencies, share prices etc. When the financiers get worried about stock markets they turn to the security of government bonds. Again, this cannot be a solution to the crisis of profitability, or to the dearth of surplus value needed for a renewed round of accumulation.

Globalisation, then, is both a response to and effect of the economic crisis but it is not a solution to it nor does it mean that capitalism has returned to free competition. More than ever we are in the era of monopoly capitalism in its modern version of transnational group or conglomerate and if the role of the state has changed over the past decade or two it is no less involved in economic management than before but in different ways and with less room for ma-

neuvre. The possibility of economic autarky based on domestic industries no longer exists. Today even the advanced capitalist state has to create conditions for investment — much of it from abroad — in order to maintain its own territory. But it is not so much interested in having productive capital [i.e. capital which produces surplus value] under its territorial control as getting its hands on as big a portion of the gigantic pool of surplus value generated internationally much of which is not going into productive investment and which exists in the form of financial capital. [Between 1970-1994 the fraction of the employed population working in industry fell from 30% to 20% in the EU and from 28% to 16% between 1964 and 1994 in the US.] The manipulation of interest rates is now geared towards attracting financial capital and keeping up the value of the currency to prevent a speculative attack — which any individual state is in no position to resist (as the attack on sterling's link to the ERM in 1994 showed). It is not designed to make it easier for industry to get loans. But this doesn't mean that capital can escape the integument of the state, nor less the framework of imperialism. We have not reached an era of ultra-imperialism, or even of a single supra-imperialism, where the problems of the world economy will be solved by peaceable means. The US is still the world's strongest economic power. Most of the profits from global financial activity end up there. But it is weakening. Today the GDP of the EU is roughly the same as that of the US. This, despite the fact that the US has used all the advantages of the dollar as the prime currency of world trade to off load its own crisis onto the rest of the world for the last twenty-five years.

However it is not just this aspect of the crisis that we want to discuss but the implications for the working class.

Earlier on we mentioned the crucial difference between 19th century capitalism and the present epoch. Whilst the former was progressive in historical terms, laying down the material basis for a new society, this century capital has only been able to accumulate at the cost of massive destruction during war and growing barbarism, an inability to

provide the basics of life for a growing part of the world's population. The number of people on the planet without work [before the SE Asia crisis this was calculated at 30% of the global workforce] or without shelter or enough to eat is growing. Over 1.3 bn people don't have drinking water. There is enough food in the world to provide everyone on the earth with 2,700 calories per day yet one-fifth of all children are malnourished and a third of the human race is anaemic. To satisfy all the world's sanitation and food requirements would cost about \$13bn, "hardly as much as the people of the United States and the European Union spend each year on perfume".

But 19th century capitalism was not only creating technological basis for communistic society, it also created a working class who became increasingly aware of their class identity as they struggled against exploitation. As we know, they created trade unions which did help to win improvements in living standards and working conditions and then political parties — social democratic parties which had the allegiance of hundreds of thousands of workers most of whom assumed that socialism could be brought into being gradually. They basically thought that the working class, by building up its power within capitalism, through a series of improvements and reforms would be able to take it over. Revolutionary Marxists always knew this was an illusion but nevertheless there was no reason for them not to work in organisations which after all defended workers' interests and in the case of social democracy stood for 'socialism' and internationalism. But the First World War was a watershed which revealed that social democracy above all else feared working class revolution and in reality is the last bulwark in capitalism's defence. The unions too, ever since their support for their various governments in WW1, have become increasingly a weapon in capitalism's self-preservation armoury. Their role as negotiators over the price and conditions for the sale of labour power never has been revolutionary but they defend capitalism in a more active way by negotiating on behalf of capitalism under the pretence that they are defending the working class (or rather "their mem-

bers' interests") and on the assumption that the interests of capital and labour can be reconciled. Throughout the post-war boom they worked hand in hand with the state to contain strikes, promote the smooth functioning of industry in return for a stable bargaining procedure, job security, steady wage increases and so on. As our comrades of Battaglia Comunista have put it, during the present crisis the unions have overseen the transformation of the productive landscape — wage cuts, part time work, loss of job security, intensification of work patterns, and so on. They negotiate away jobs, divide workers from each other and prevent unification of struggles. They encourage workers to accept capitalist legality and discourage any independent political organisation. In short, we cannot and do not work inside union organisations. [This is a different question from being a union member and using union meetings to promote collective struggle which will inevitably go beyond the unions.]

But where does this leave us in terms of developing our influence inside the working class? — We can dismiss the comforting notion that revolutionary political consciousness will be generated spontaneously.

This is not to deny that as the class struggle revives the working class will create forms of struggle outside of the unions where, if we are present, we can and must work — struggle committees directly elected by mass meetings etc. And these won't always clearly see themselves as anti-union. [The recent strike of Jubilee Line electricians comes to mind.]

But does this mean that outside of such situations our contribution to the revival of the class struggle can only be in terms of propaganda and the piecemeal process of recruitment to the political organisation, which we have already defined as a cadre organisation? If our task is to return the communist programme — the distillation of historical lessons of the class struggle — to the working class we have to be able to make it relevant to wider layers of the proletariat than the few individuals who are ready to come to us by virtue of our literature alone.

To say that the political organisation or party is the only permanent organisation the working class can have today does not mean that we should not try to extend our influence beyond the party, not just in terms of ideas and information but in practical, organisational terms. Otherwise we cannot claim to be acting as a true political guide for the working class. As we have seen the working class is starting almost from scratch in a new era. There is a vast weight of bourgeois propaganda directed against wage workers even recognising themselves as proletarians. The latest official redefinition of the class structure of the UK talks of the "poor", and the "middle class". The "working class" are simply limited to a few manual workers. Anyone working at a desk is middle class. All this is remove the idea that "the immense majority" (Marx) have an interest in overthrowing exploitation. Yet it is still those who only labour for a wage who collectively have the potential to overthrow what is daily proving to have outlived its usefulness to humanity. The task of the party is to show that communism is not just something for the distant future but is a pressing necessity for the survival of humanity.

ER

# The Insurmountable Contradictions of the ICC's Economic Theory

In *World Revolution* 218 the International Communist Current have once again tried to explain the theoretical background to the current capitalist crisis. The major theoretical ideas are a repeat of an article published some time ago in *International Review* 69, the theoretical journal of the ICC. The CWO has replied to the basic arguments many times in the past but as most of these articles are now out of print we will briefly outline why the ICC's economic theory is totally confused and therefore inadequate for revolutionary politics. At a superficial glance there is actually some hope of improvement in the ICC's analysis. They quote Volume III of *Capital* to state that

*The sole reason for all real crises is the poverty and restricted consumption of the masses, faced with the tendency of the capitalist economy to develop the productive forces as if there only real limit was society's absolute power of consumption.*

But any hope that the ICC has actually been doing more than a scissors and paste job on Marx is soon dispelled. Within a few lines they tell us is that the above quotation means that the real contradiction is the fact that capitalism cannot expand its own market.

*This contradiction, this inability to create its own markets has been inherent in capitalism since its birth. In its earlier stages it overcame it by selling to feudal sectors, then through the conquest of colonial markets. This is pure Rosa Luxemburg (as well as pure bollocks). By 1913 Luxemburg had become convinced that Marx's analysis in Capital was giving grist to the mill of the revisionists in German Social Democracy. They maintained that capitalism was expanding and that therefore there was no crisis and the working class would gradually come to reform capitalism and peacefully take it*

*over. Luxemburg, quite rightly rejected this vision, but her search for a theory which would support revolutionary politics led her also to reject the scientific centrality of the law of the tendency of the rate of profit to fall or what Marx called*

*in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations. It is the most important law from the scientific standpoint ...*

*Grundrisse* (Pelican edition) p. 748 But as Marx also said "there is no royal road to science". The law of the tendency of the rate of profit to fall can only be understood as part of the law of value. The operation of the law of value is difficult to follow. Without going into all the intricacies here<sup>1</sup> we should briefly state that the labour theory of value is based on the idea that the real value of any commodity is calculated by the amount of time taken by labour to produce it. This value obviously goes down the greater the mass production involved because a larger number of commodities are produced in a shorter time. At the same time a capitalist has to invest also in machinery and raw materials. These are fixed capital costs (Marx called them constant capital or *c*). But it is the labourer who uses these materials and machines who produces the commodities. But the labourer doesn't sell her or his own product. The capitalist does that because the capitalist owns the means of production (the machines, factories, raw materials). What the labourer sells is his or her ability to work - or what Marx called labour power. As this could go up and down Marx also called it variable capital or *v*. Labour power is not rewarded for all the value of the commodities *s/he* creates. The difference between the labourer's wages (*v*) and the selling price of the goods or commodities is the source of the capitalist's profit. This is surplus value (*s*)<sup>2</sup>.

Capitalists always try to maximise profits (*s*). To do this they have to drive down costs and the best way to do this is to drive down the cost of labour power (*v*) at the same time as drive up the rate of surplus value created by that labour (*s/v*). This means they try to produce ever increasing amounts of commodities at lower costs which can then be sold to wider layers of the population including the working class as a whole who produce them. This sets in a chain of events. In the first place the capitalists invests more in machines etc. to increase the productivity of the labourers (and sacking as many as possible on the way). This investment can only gain the capitalists a momentary advantage as their rivals follow suit. The result of this is to constantly drive forward the production of commodities and at the same time to reduce the capacity of the working class to buy those commodities. This then leads to a crisis as the "poverty and restricted consumption" of the workers means that they cannot buy the goods. The crisis appears as a crisis of overproduction but scientifically it is a product of the alienation of the working class from their own product. How does capitalism get out of this? According to Luxemburg by expanding production into non-capitalist areas to create new markets. But this is palpable nonsense. Capitalism has to have capitalist markets. Tribesmen with cowrie shells and other precapitalist producers are poor markets for capitalist products. What capitalism has to do is to devalue existing capital values. By devaluating *c* and *v* accumulation can begin again. Many capitalist go bankrupt and the larger capitals take over their productive apparatus and either destroy it or use it as it suits their accumulation needs. The rate of profit (the amount of surplus created by the new production or *s/(c + v)*) goes up and a new round of accumulation can begin but in a more centralised and concentrated mode of production). This

is what Marx explained in another passage from *Capital* Vol III

*The conditions of direct exploitation, and those of realising it, are not identical. They diverge not only in place and time, but also logically. The first are only limited by the productive power of society, the latter by the proportional relation of the various branches of production and the consumer power of society.*

Luxemburgists should take note here that Marx always talks in terms of a closed capitalist system - it does not depend on a "third buyer" (i.e. neither worker nor capitalist) as Luxemburg maintains. She though, unlike the ICC, does honestly state that she thinks Marx was wrong on this. The same quote carries on

*But this last-named is not determined either by the absolute productive power, or by the absolute consumer power, but by the consumer power based on antagonistic conditions of distribution, which reduce the consumption of the bulk of society to a minimum varying within more or less narrow limits*

This is sufficient reply to the ICC's often made polemical, but ignorant, remark that anyone who said that capitalism could create its own markets was a follower of the capitalists apologist of the early nineteenth century, J.B. Say. In that case Marx was also his follower because he devoted a whole volume of *Capital* (Volume II) to demonstrating how it could do precisely that. The fact is that when Marx criticised Say he did not do so from the position that capitalism could not expand its own markets but from the viewpoint that it could **always** do this. When the rate of profit was still expanding then capitalism could expand its market, but when it over-accumulation was reached, when the mass of capital required to fund further accumulation could not be found then capitalism did not simply have a saturated market - it started to **destroy** its existing markets. This is what we have been seeing in the world over the last few years and particularly in 1998. When the East Asian capitals collapsed due to the weight of the debts they had accumu-

lated in artificially stimulating production in the spring the effects on other capitals who sold to them was that they "lost" their markets. In other words capitalism destroyed its own markets. At the end of the day capitalism develops in cycles where the constant drive of the falling rate of profit forces it to produce more and more commodities. These are constantly devalued and when this process reaches a certain point the amount of capital required to remain in production is too great for weaker capitals. They go to the wall. As Marx states "one capitalist kills many". For the working class this means misery, low wages and mass unemployment. For the successful capitalist it means cheap pickings. On the basis of these the newly-centralised mode of production can start a new cycle of accumulation. However at the end of the nineteenth century it was clear that this process of centralisation had reached such a pitch that capitalism had entered its era of monopoly, of imperialist rivalry at the level of the state. The state was drawn more and more into the regulation of an economy which was constantly threatened by the very law which had made it so dynamic - the law of value. The state was drawn into the process to defend the national capital, something it still tries to do despite the fact that in the current crisis the level of centralisation has created masses of capital which are beyond the level of individual states to deal with. This is the background to the current debate on globalisation and the contradictions of a system which is based on national states which are increasingly dwarfed by the debts and the masses of capital produced by finance capital. Some may ask why we bother to debate such a seemingly abstract issue as the economic direction of capital. For us the question is one of understanding the direction of capital and the historic options left open to it. In a world where 50% of the population (three billion people) have not got the basic necessities of life and whose conditions of existence are worse than they were twenty five years ago we think this is an important task for communist groups to carry out. In the future it will not be our analysis but workers action which will overthrow the system. However our task is to

build a nucleus of communists around the planet who can demonstrate that communism is materially necessary, that capitalism cannot be made into an ethical system or tamed to suit the needs of humanity. We also need to demonstrate that the productive achievements of capitalism's past were achieved by the very forces which now paralyse it. The analysis is thus the bedrock of the future communist programme.

**Jock**

#### Notes

1. For a more extended explanation see our pamphlet *The Economic Foundations of Capitalist Decadence*. This was first written in 1974 and despite repeated promises has never had a reply nor a review from the ICC.
2. Prices and values are not the same thing (because of other distorting factors). More advanced capitalists can obtain a price above the value of their output.

Iraq:

# Bombing Us Back to Barbarism

The December bombings of Iraq and the continuing confrontations over the “no-fly” zones in Iraq have signalled once again that the USA and Britain are alone in carrying out a policy of besieging Baghdad. In some ways that is why the bombings took place. The USA (with Britain hanging to its coat-tails) wanted to demonstrate its military power in the face of European Union and Russian and Chinese opposition. As our comrades in Battaglia Comunista wrote:

*This bombing of Iraq signals a new turn in American strategy in the area which seems to have escaped everyone's attention but is important to take on board. We reject as ridiculous mystifications the argument that the attacks were a punishment or to prevent the Iraqis from building up weapons of mass destruction or similar stupidities. Can the Americans criticise anyone else for carrying out mass destruction? The reality is that the bombings were not carried out for ideological or even less for ethical reasons. They were carried out for very material questions; large economic interests such as the control and extraction of financial income and control of primary products, specifically oil... ...the dynamic of the crisis has ... accelerated the process of division and differentiation in the previously monolithic “Western” Bloc. All the movements and little diplomatic struggles of Europe (for which we should read Germany and its “court” have been moving towards a clearer expression of their own autonomous interests against the USA*

*Battaglia Comunista 1 (1999)*

It has thrown into relief the shadow-boxing which passes for imperialist manoeuvring in the current period. So shadowy has it become that the British Government was not even noticeably supported by its own press. The Blair Government claimed that the US and British forces in the Gulf did not need

a further mandate from the United Nations to bomb Baghdad. Nearly every other major power disagreed with this. The pretence that the US and British are acting as policemen for “the international community” was thus exposed in all its hollowness. The Blair Government, in attempting to combat the widespread cynicism at home pulled out all the stops to remind the world why Britain and the US should bomb a country which was not at war with anyone and which had been thoroughly pasted less than nine years ago. As usual the demonisation of Saddam Hussein was high on the list. True Saddam is a monster to the Iraqi working class but who was his Frankenstein? It was the CIA which sent him the intelligence information and the encouragement to attack Iran in 1980. This set in train everything else. German, Belgian and British firms sold the weapons grade material which enabled him to make poison gas which Saddam Hussein first used on Iranian conscripts. Because he was “our man in the Gulf”, the one who stopped the spread of the Islamic fundamentalism of the ayatollahs in Iran, this was quietly hushed up. Although there were “reports” of the use of poison gas these were never confirmed until after the same weapons were used against the Kurds of Northern Iraq. But even then there was no international censure despite the pictures which went around the world. Only when a desperate Saddam misunderstood the signals from the USA (which he understood favoured his take-over of Kuwait to alleviate his \$10 billions debt incurred in the Iran-Iraq War) did we begin to hear about the horrors of his regime because his former friends were now eager for the world to hear. The USA and Britain did not wait for a UN resolution to bomb Iraq because they know they would not have got one. Russia and China would have vetoed and other powers would have called for more time. After all the UN had two reports in front of it, one from UNSCOM which highlighted lack of co-operation by Iraq, another from the Atomic En-

ergy Authority which stated that Iraq had complied with their demands. As we now know UNSCOM is just a front for US imperialism as it contained American spies who passed on satellite information to UNSCOM as well as ensuring that it was more combative in demanding access to Iraqi establishments. It is now difficult to see what Britain and the USA hope to gain from the Gulf occupation since their rivals are using the situation to improve their relations with Arab and other Gulf states. As it is the USA and Britain are the only two countries with naval forces in the Gulf. These are also the only two Western countries who would benefit from a higher oil price (since they have their own sales whilst their rivals in Europe and Japan have none). At the current price (around \$10 a barrel) it is not worth drilling in the North Sea or Texas (where many wells have been shut down). The crisis of world capitalism has undermined any attempt of the US and Britain to maintain prices. As industrial production stagnates and falls the need for oil is diminishing over a whole range of processes. Although oil is not the only game the US and Britain are playing in this vital area for imperialism (as both Battaglia Comunista 1 (1999) and the leaflet we are reprinting here issued by our US comrades of Los Angeles Workers Voice show) it does remain significant. The continuing effort to prevent Iraq putting oil on the world market was underlined by the bombing of Iraq's main oil terminal at Basra. The wholly unconvincing reason given was that it housed military units. The bombing of Baghdad was a failure for both the US and Britain. Their strategy of giving the Iraq population a hard time so that there might be a military coup, which would get rid of Saddam without risking a revolution, is in tatters. Saddam is still there after nine years of increasing economic privation. According to Denis Halliday, the former UN assistant General secretary responsible for humanitarian relief in Iraq, the sanctions against Iraq are costing the lives of four to five thousand children a

month (He resigned because he rejects the US idea that this starvation is a provocation by the regime since he claims distribution of foodstuffs is efficient in Iraq but it is UN sanctions that are causing the deaths). Now the USA and Britain are in a cleft stick. Saddam emboldened by his relative success has begun to challenge the US in the "no-fly zones" as well as put out feelers to other Arab powers (with talk of "apologising for past mistakes"). Increasingly the US is ruling through naked power

and only the UK Government which has the same interests in the Middle East prevents its total isolation. The situation is now even more volatile and the possibilities of further violence provoked by the US' presence in the Gulf are more rather than less likely. In this situation the bombings have left the sense in Britain that we have little control over the war plans of the Government. War waged at this level requires no great demand from the population and whilst most of the population are

apathetic (having bought the "Saddam is a monster" line) the Government can get away with just about anything. Although there were demonstrations in a number of places abroad the speed of the attacks on Baghdad and their relative brevity meant that there were few protests here. It does underline though the totalitarian nature of modern so-called bourgeois democracy. It should not just be the Saddam Hussein regime which should be under threat from the continuing confrontation in the Gulf...

## Los Angeles Workers' Voice Leaflet

# Bombing for Oil , Profits, and Imperialism

The US war machine is unleashing another veritable rain of ruin on Iraq . A US naval armada backed by fleets of land based B-52 bombers has fired hundreds of deadly Cruise Missiles into Iraqi cities and industries . There can be no doubt that hundreds of innocent civilians are being killed and maimed so that the most powerful sections of the US ruling class will cripple the Iraqi regimes ability to become a regional power and compete with US and British oil companies in the presently saturated oil market. A market where the price of a barrel of crude has dropped from \$23 to \$ 11 in the past year and a half . This mainly due to a falling demand from the East Asian capitalist states in economic and political crisis. Also the US and British rulers are using this state sponsored techno-terrorism in the Gulf to warn off rival imperialist powers such as France, Russia ,China , Japan and Germany who have deals to revive more profitable co-operation with the Hussein regime in Baghdad, etc. In addition there is the rising competition of these major capitalist and state capitalist powers to get their claws into the huge oil reserves in the nearby Caspian Sea. This has made Azerbaijan, Kazakhstan and Turkmenistan again the focus of deadly competition between big powers as well as small regional powers like Iraq.

There is an ongoing battle for dominance in this region and a key issue now is which corporations will control a big pipeline to pump oil from the Azeri capital of Baku to the West. In a couple of months the Azerbaijan International Operating Company (AIOC) which is a "partnership" headed by the state Oil Company of Azerbaijan but also including US firms like Amoco, Unocal , Exxon and Pennzoil announce their plans on a big oil pipeline which the US oil capitalists consider to be of huge importance as to who will control this strategic area in the world oil market in the 21 st century . French, Japanese, Russian and Chinese companies are involved in rival schemes to gain hegemony in drilling and shipping oil from the Caspian. (World Socialist Web-site , 11/16/98) But all one can get is mostly lies and cover-ups from the corporate-owned US and other media. Is it not amazing that we can hear hours of 'reports' on the war by Dan (the Blather) Rather , and the more liberal Jim Lehrer , on CBS, NBC and PBS et.al., and the subject of the control of markets and profits in oil hardly ever even comes up at all ?

Yes, these millionaire news hacks and also the bosses Sunday morning gas bags like George Will, Sam Donaldson , and Cokie Roberts rant a lot about Saddam Hussein's nerve

gas supplies/weapons vs. US 'democracy' (but never about US support for Hussein when he used gas on the Kurds in 1988 or US use of nerve gasses in their Vietnam war crusade!!). But if the topic is chemical weapons , it is the big powers , headed by the USA that again holds the aces for unleashing these weapons of barbarism. The USA in fact controls a major share of the worlds chemical and biological weapons depots and research labs. An Associated Press report a few days ago (12/15/98) concerning spillage of 40 gallons of Sarin nerve gas at the Tooele (Utah) "Chemical Disposal Facility " was of course played down by the US Army spokespersons and their views dutifully parroted by the corporate media gas bags . But don't expect the deceitful and hypocritical UN created UNSCOM inspectors to visit these US military bases looking for chemical and biological weapons labs/stockpiles soon! The 'peaceloving' UN inspectors are far too busy pinpointing targets for the US and British Navies and Air Forces to obliterate.

*Continued on page 5*

**Los Angeles  
Workers' Voice**  
Box 57483, Los Angeles, CA 90057, USA

# Twenty Years since the Fall of the Shah

1999 seems to be a year of anniversaries. January saw the eightieth anniversary of the Spartacist Revolt (see Revolutionary Perspectives 9) as well as the victory of Castro in Cuba forty years ago (see elsewhere in this issue). February however belongs to the events in Iran twenty years ago. At the time it was hailed by many (including some in the Communist Left who should have known better) as a "revolution". This idea was enthusiastically taken up by many on the left, both inside and outside Iran. However for Marxists a revolution is not simply a change of government or even of governmental system. Who really cares which faction of the ruling class exploits and misrules us? The Shah's monarchy was a reactionary brutal police state which killed people by their thousands so that a few bourgeois linked to US imperialism could live the good life. What has the Islamic Republic been? An equally reactionary, brutal police state in which the conditions of the many have worsened whilst a few mullahs have piously built themselves huge houses (more palatial than anything seen in the Shah's time) to the north of Tehran. When the Shah's regime began to crumble the Iranian

working class had no independent class party and the various Iranian leftist groups which existed then all manoeuvred with the new regime of Khomeini in the hope of getting one upon their rivals. They did not represent the interests of the Iranian working class. Although we underestimated some of the self-organisation of the Iranian working class at the time (due to a lack of information) our December 1978 article which first appeared in Revolutionary Perspectives 12 (first series) at least understood that the working class had not worked out its independent interests and had not created its own autonomous political party to fight all the machinations of the various factions that appeared as the Shah's regime collapsed. Our article concluded

*The Iranian working class is still inexperienced in its struggles and as such it has not been difficult for one bourgeois faction to pretend that all the ills of capitalism are caused by another. This, however, is a manoeuvre which the bourgeoisie cannot repeat too often. Once this struggle is over and Iran's workers begin to assimilate the lessons it will not be long before they produce their own*

*class conscious minorities ready to fight for real autonomy. Only then will the mystifying slogans like "Death to the Shah!" be replaced by the only proletarian slogan "Death to Capitalism!".*

It has taken rather longer for the Iranian workers to assimilate the brutal lesson of the Khomeini takeover than we thought. The various leftist factions have created many mystifications and false paths such as supporting the regime in the Iran-Iraq war (in order to "defend the gains [what gains we ask?] of the revolution") or calling for support for the independence struggle in Kurdistan as a means to bring down the Islamic republic. Both of these are simply putting the proletariat at the disposal of one bourgeois faction against another. It has nothing to do with the historical task of the working class to found an entirely new mode of production. Recently there are signs amongst the Iranian working class both in exile and in Iran that "Iran's workers are beginning to assimilate the lessons" of 1979. This is an issue we will turn to in the next issue of our central Bureau publication, Internationalist Communist.

## Death to the Shah or Death to Capitalism?

It is only a few years since Shahanshah (King of Kings) Mohammed Reza Pahlavi invited the world's rulers to witness his lavish celebrations of 2,500 years of unbroken despotism in Iran. Today an explosive mixture of riots, demonstrations and strikes threatens to end that despotism. The demonstrations have hit all. Iran's major cities, the largest being that on Ashura (December 10th) which involved one million Tehranis. Such demonstrations have often become riots, attacking buildings such as banks and cinemas, symbols of western imperialism. Not

the least explosive element has been the action of the Iranian working class. Not one sector of industry has escaped strikes and there have been particularly important movements in the oil industry, airports, banking, transport, electricity supplies, the metallurgical industries, and the postal and telecommunication services. The demands of the strikers and demonstrators have been similar in many respects; the abolition of SAVAK (the secret police) and amnesty for political prisoners, a return to the parliamentary constitution of 1906, freedom of the press and expul-

sion of foreigners. All these are overshadowed, however, by the single, recurrent demand of "Death to the Shah!"

### The Material Basis of the Present Discontents

Whilst the demand, of the demonstrators have been entirely nationalistic the basis for the present upheaval lies with the impact of the world economic crisis on the Iranian economy. The Shah's boast of the highest economic growth rate in the world, his building of im-

pressive monuments to his dynasty, were all tolerated so long as the better future he promised seemed to have some chance of success. Today the bogus nature of his claims has been harshly felt by the Iranian masses. Around 75% of the population have less than the minimum level of income for bare existence. Half of all families earn around 50p a week and live in hovels and shanty towns, whilst an ordinary two roomed flat in Tehran costs £500 a month. Unemployment is at 25%, creating a sub-proletariat in the shanty towns which surround the big cities, and inflation is running at 30%. Iran is a living example of what we mean when say that economic development is impossible under a capitalist system which is more and more visibly in decay. (1) When capitalism was a growing economic system in the 19th century it found no difficulty in expanding production and developing outlying areas. Capitalism had to expand or die, possessed of a dynamism produced by its own contradictions, the result of the falling rate of profit. However, each expansion only increases the tendency for the rate of profit to fall, and thus each expansion only makes death more certain. Today no state, however oil rich, can break on to the world market in the manner of Britain, Germany or even Italy in the 19th century. The composition of capital is so high, the costs of investing in productive forces (not to mention the cost of providing an infrastructure) so great, that not even a country which earned £828.7 millions in oil revenue in 1977 can diversify and develop its economy. It is now three quarters of a century since oil was discovered in Iran, and a quarter of a century since the oil industry was nationalised, yet in that time no meaningful economic development has taken place in the country. It is not that "the oil boom has been mismanaged" (Financial Times), rather it is today impossible to generate the necessary mass of profit to industrialise a backward economy. In the same year that £828.7 millions were earned by the oil industry, only £18.8 millions were earned by other exports. These consisted mainly of traditional products such as textiles, opium and caviar, whilst the main new export was washing powder to China. In fact the Shah's dream of Iran being

a superpower by 1990 has been rudely shattered. About 60% of all projects started in the Fifth Five Year Plan (1973-8) have been dropped. In the key areas of steel and petrochemicals heavy investment has had poor returns; the steel industry was supposed to reach an output of 25 million tons by the 1980's, but has not yet surpassed 1.9 million tons, while the petrochemical industry, far from being an export earner, still cannot meet domestic requirements. Moreover, most of these new industries only survive through massive subsidies from the oil revenue; when they collapse, so will this artificially maintained industrialisation. As one Iranian businessman stated,

*What's going to happen to us when the oil revenue runs out in twenty five years? Are we going to live off pistachios and carpets? ... What's Iran going to make that the world will want? An oil-less Iran will be worse off than Bangladesh. At least they still know how to grow food for themselves. We would have forgotten how to even do that.*

(Quoted in The Observer magazine 22.10.78) Typically, this bourgeois laments over problems for which he sees no cause or cure. Capitalist decadence is not only about the failure of economic development, but also about the development of economic failure; nowhere is truer than in Iran today. The oil wealth and the promise of high wages in industry has attracted Iran's agricultural labourers to the cities in the past fifteen years. Whilst most of them have ended up eking out a miserable existence in the shanty towns, the old labour-intensive agricultural system has collapsed. The underground irrigation system has silted up, and in only ten years Iran has passed from being an exporter of grain to importing 30% of its needs. Much of the damage can be traced to the Shah's agricultural "reforms" of 1963. These were used by the Shah to undermine the social basis of the landed oligarchy (which now supports the National Front), but far from being progressive, this type of land parcelisation is reactionary, though it was highly popular amongst the Iranian peasantry. The Shah hoped to create peasant backing for himself in the manner of Napoleon III. Economically,

the reform led to a diminution of the productive forces, since about 40% of the land was given to peasant owners with less than 11 hectares each. The failure of the petrochemical industry to provide sufficient fertiliser, as well as the Shah's plans to solve the irrigation problem made matters worse. The giant Dez dam for example, was supposed to irrigate 100,000 hectares but has only managed to irrigate 18,000 and Iran's area of cultivated land diminishes each year. Today it is not much greater than it was under Cyrus the Great in 550 B.C.!

## The Imperialist Imperative

*By 'imperialism' we do not mean war, conquest or annexation in general - such a definition "explains" nothing because it "explains" everything - from the conquest policy of Alexander the Great to that of Russia and the U.S.*

(R.P. 2, page 34) Iran has seen at least three different forms of "imperialism". In the first place the Iranian Empire was built on the Asiatic mode of production.", where the Shah's despotism acted as the centralising force necessary to hold together a huge underground irrigation system. The Empire of the ancient Persians was destroyed, not by its internal contradictions which produced a new dynamic class, but due to its very static nature, it was conquered from the outside by a more dynamic civilisation. Imperialism is conditioned by the mode of production, or even by the stage of development of the mode of production. When Russia defeated the Shah in 1813, it brought the Tsars into conflict with the British Empire in India. At this point the capitalist system was still at its youthful beginning - and had not yet even entered Russia which was feudal - so for neither power was domination of Iran imperative. The interests of both were to have a neutral buffer zone between their empires in order to avoid war. However, by 1870 British capitalism had reached its apogee. Whereas the early search for colonies in the 18th century had been merely to maximise the mass of profit on commercial capital, often simply by looting or by onerous

taxation, the new imperialism was dictated by other considerations. The diminution of living labour in the productive forces, and the swollen organic composition of capital, in a situation where several capitalist powers were competing with each other in the world economy, brought capitalist competition to that between nation states, often to the point of armed force. Now imperialism needed to offset the falling rate of profit by investing in the extraction of cheap raw materials in the backward areas, and also by using them as markets for the maximisation of the surplus value realised from each product. From 1873 onwards, British interests in Iran changed from those of strategy to those of economic necessity. Russia fell behind in this race since her economic development was unable to match that of Britain. By their policies of granting concessions in tobacco, opium transport, textiles and banking, the successive Shahs became the agents of British imperialism, and Iran a British colony in all but name between 1870 and 1914. However, the real attraction of Iran for imperialism came with the development of the oil-fired internal combustion engine. Britain was the first to benefit from oil concessions, since the Shah was heavily in debt to British bankers. The Anglo-Persian Oil Company was formed in 1902, and nationalised immediately before World War One, as it was essential for military purposes. Any pretence that Iran was a junior partner in this was dispelled during the war, when both British and Russian troops occupied Iran along the lines of a partition agreement of 1907. The aim of the occupiers was to prevent the Turks taking the oil installations at the behest of their allies, German imperialism, and to maintain the Shah as a puppet against the threats posed by pro-German Iranian nationalists. This was a pattern which was to be repeated in 1941, when the present Shah's father, Reza Shah, sought an "all-Aryan alliance" with the Nazis and the British and Russians invaded to prevent this; after three days the Iranian army capitulated to the Russians. The invasion of Iran was essential for Allied imperialism, since the country was needed as a supply route for aid to Russia. Additionally, in 1941 it looked as though Hitler might break through

from North Africa to the oil rich areas of the Middle East. Reza Shah saw a chance to shake off British imperialism, feeling that German imperialism would be less onerous. The British forced him to abdicate in favour of his son, who was so much a puppet that he told his government were not even told of the Tehran Conference between Roosevelt, Churchill and Stalin in 1942. With Hitler defeated the Allied thieves soon began to fall out over the domination of the globe, and Iran became a focal point in this struggle. During this struggle the tactics of the two major imperialisms were determined by their respective military and economic strengths. The U.S. with its economic strength undamaged by the war, felt confident enough to withdraw its troops, even when the British announced that they could no longer afford to keep their army of occupation in Iran. British imperialism was now thoroughly exhausted, and could only function as a client state of the U.S.A. In the oilfields the U.S. share increased in relation to the British. Russia, on the other hand, with its weaker economy, could not hope to compete in Iran with the U.S. and it first sought to keep its troops in Iran, and backed pro-Soviet breakaway regimes in Azerbaijan and Kurdistan, controlled by the pro-Moscow Tudeh party. But after warnings from the U.S., Stalin withdrew his support from these breakaway regimes and respected the letter of the Yalta agreements which left Iran in the Western orbit (though of no direct danger to Russia, since foreign bases were prohibited in Iran). So, instead of engaging in a dubious battle with the U.S., Russia exchanged her occupation of northern Iran for an oil concession in 1946, and the Tudeh invited the Shah back into Kurdistan and Azerbaijan. The oil concession was later cancelled.

the bourgeoisie, the National Front nationalised the oil industry against the opposition of the Shah. Violent street demonstrations in favour of Mussadegh, the Front's leader, forced the Shah to leave the country. But Mussadegh soon found himself out on a limb. He was a rabid nationalist who wanted to deliver the coup de grace to British imperialism and a rabid anti-communist, who hated the Russians. He wanted to consolidate U.S. influence in Iran, but his policy of nationalisations worried the U.S.A. Abandoned by all imperialisms, it was easy for the C.I.A. to come to the Shah's aid and organise a military coup to overthrow the National Front. America now poured in financial and military aid to the Shah who has been loyal to the interests of U.S. imperialism ever since. However, this does not express the full totality of Iran's importance for, and dependence on, Western imperialism. In the first place, Iran is central to the West's encirclement of Russia, with which it has a 1,000 mile common border. The U.S. has recently established an advanced early warning system in the mountains above Tehran, and the Iranian army, the most advanced technically in the world after the super powers, is expected to keep a check on pro-Soviet regimes in Afghanistan and Iraq. Iran is also the key member of the Central Treaty Organisation. In short, despite the absence of American combat troops, Iran is a military outpost of U.S. imperialism. In the second place, Iran's oil is crucial to the economies of a number of key Western countries. It supplies almost all Israeli and South African needs, while Japan gets half her oil from Iran. The defection of Iran to the Soviet bloc would place the lifeline of these states in the hands of the U.S.'s main rival and could not be tolerated. And Iran's petrodollars actually finance the short-term survival of capitalism, since they are returned to the West in the forms of arms and advanced technology purchases. A quarter of Iran's budget (\$8 billion in 1977) is spent on arms made in the U.S.A., Britain and Germany. It is hardly surprising, therefore, that the U.S.A., the great champion of "human rights", should reveal the full hypocrisy of imperialism by supporting a regime maintained by the most flagrant

## Iran and Western Imperialism

U.S. imperialism's victory in Iran was completed by 1953. The Shah was forced to accept a parliamentary regime under the 1906 constitution. In 1951 the Iranian National Front came to power, with the backing of the religious leaders. Representing the nationalist, rather than the comprador section of

use of torture and terror. Britain, with an 'even bigger relative stake in Iran', has been less equivocal; with Owen warning of the dangers of a Soviet takeover, and pledging support for the Shah. West Germany, not wishing to lose its arms sales and the contract to build four nuclear reactors, has also thrown its support behind Iran. Western imperialism, caught off guard by events in Iran, wishes only to maintain the status quo. And what of Russian imperialism? Having recently scored triumphs in the Horn of Africa and Afghanistan, it has approached Iran with some caution. To begin with, the National Front seems even more anti-'communist' than the Shah, not to mention the religious opposition, with its emphasis on Islamic values. However, as the demonstrations have continued, the dilemma of the National Front has increased. To be anti-Shah is to be anti-West, and to be successfully anti-West means to be pro-Russian. It is the situation of 1953 all over again, and it is rumoured that the Tudeh, now underground, are supporting the National Front, and for the Front, rejection of the U.S.A. must mean support of the U.S.S.R. As the mass movement has increased in Iran, the U.S.S.R. has cleared the ground for its next move by denouncing in advance any move by the West to save the Shah. But his fate - and the next move in the game - lies with the U.S.A.

### Class Collaboration or Class Struggle

The Shah's attempts to save himself have so far taken every conceivable form. On September 7th he introduced martial law, whilst at the same time announcing measures of liberalisation. One thousand political prisoners were released, gambling casinos were closed to placate Muslim law and the activities of the notoriously corrupt family of the Shah curtailed. In addition, corrupt officials are being tried and the Shah has, like all autocrats, sought to blame the country's woes on his subordinates by arresting his former Prime Minister, Hoveida and the leader of the secret police, Nassiri. This, and the use of brutality in which untold hundreds, perhaps thousands, have been killed, has done nothing to end the opposi-

tion. The Shah can't rely on martial law for ever and even now the death toll is enormous. In addition, the repeated strikes and violence have led to the flight of foreign technicians and capital, thus making worse the economic crisis which brought about the riots in the first place. One of the chief reasons for the protracted nature of the crisis is because imperialism simply has not known what to do. Whilst most other "trouble spots" in the world today are created as offshoots of the imperialist struggle for the globe (Would there, for example, be a guerrilla movement against the Rhodesian government if it were not for the provision of arms by the Soviet Union?), neither of the leaders of the imperialist blocs wanted Iran to become unstable. The present crisis is almost solely the creation of the global crisis of world capital. Both imperialisms would have liked to preserve the status quo; Russia because the Shah is a rather inactive opponent(2) and therefore any other government might be worse; and the U.S.A. because they don't want to lose control of an entirely committed Western regime. However, the status quo has already been shaken and the U.S.S.R. has prepared its first moves in the new game. The U.S.A. would ideally like to keep the Shah and will continue to support him until it seems finally impossible for him to continue. When this happens the C.I.A. will turn, as it did in 1953, to the army. The army appears to be the key to the situation. The demonstrators can't get at the Shah until the army either crumbles or goes over to the opposition. Hitherto, the army officer caste has remained fanatically loyal to the Shah who, by use of a special secret police, has previously prevented the emergence of an opposition among the officers. In addition they have been pampered with the best toys of destruction in the world and they do not want to have their 25% share of the national budget cut. Thus, they have continued to defend the Shah. However, half the 450,000 strong army are conscripts and they have not reflected the loyalty of their masters. Already there are reports of mutinies and barracks massacres, though the only public evidence so far has been the revolt of twenty-five soldiers in Tabriz, (Azerbaijan) who massacred their officers. If those

mutinies increase then the officers must act to save their own position. To this end they are likely to seek the support of the C.I.A. and American imperialism in order to depose the Shah and produce a government which will maintain the privileged position of the officer caste. Once the army removes the Shah it will be in a position to drive a wedge between the religious opposition as led by Khomeini, the ayatollah exiled in 1963, and the National Front which is backed by the agricultural and bazaar interests. Already the alliance is rather unsteady as many of Khomeini's rival ayatollahs support the National Front. The religious movement has taken on a mass character and now even the National Front is calling for Islamic law to be restored. (Only the Ayatollahs can criticise the Shah without fear of arrest and this has led to the religious leaders becoming the focus of the popular resistance.) Khomeini has never mediated with the Shah and has thus become a symbol of the masses. However, if the Shah was overthrown the National Front would be likely to return to supporting U.S. imperialism in return for a share in power. It is not beyond the C.I.A. to arrange this marriage and Khomeini, without a practical alternative, would soon lose his mass support. If the army deposes the Shah, the National Front will return to the American orbit; if civil war erupts, the National Front will be driven towards the Russians. The one class which has no interest in whichever faction rules Iran is that class which has lost more lives and done more to bring down the Shah than any other. Iran's workers will have to face the same system of exploitation whoever rules in Iran in the months ahead. Whilst it was possible in the nineteenth century for the workers to unite with the national bourgeoisie against the feudal order, today the workers have no interests within the present system. Their only interest is to destroy it once and for all. The particular tragedy of Iran is that the workers, through class solidarity between groups of workers and intransigence in the face of State repression, are carrying out the form of a proletarian struggle; yet the content of their struggle has been totally bourgeois. Slogans like 'Freedom and National In-

dependence", "Foreigners Out", and demands for amnesties, freedom of expression and all the other hypocrisies of the Iranian bourgeoisie have nothing whatever to do with the proletariat's interests. Equally reactionary has been the attempt by Iranian leftists to try to capture "yellow" trades unions. Trades unionism today is a reactionary mystification which has nothing to do with forwarding working class interests. It is an attempt by the bourgeoisie to impose order on the class struggle in order to control it. Today one of the reasons for the combativity of the Iranian workers is the lack of "effective" (for the bourgeoisie) trade unions which would negotiate away a class movement and prevent it from learning that the real enemy is the capitalist state. No autonomous movement appears to be emerging in Iran. Although ad hoc strike committees have been formed in the oil industry, it is only councilists who would praise the form in abstraction from the content of movement. The first real autonomous act is for the proletariat to fight on its own ground. So far xenophobia rather than anything approximating to an independent class movement has emerged. This is illustrated by a couple of leaflets which have reached us. In one, Tabriz car workers have declared their support for the "Islamic revolutionary movement" and conclude with the words "For a strong solidarity between workers and all the Islamic movements of the world"! In the other, issued by the Union of Revolutionary

Islamic Workers of Iran, the message is clear: "the butchers of the Pahlavi regime must know that they cannot stop the Islamic revolution and its leader Khomeini". When it is remembered that Khomeini has frequently called for industrial sabotage and, unlike the National Front, has never called for "law and order", it is not surprising that the class struggle in Iran has taken the road of religious mystification. This criticism of the nature of the Iranian workers' movement is not made simply to dismiss it, but to draw a clear perspective for revolutionaries not only in Iran but everywhere. The Iranian working class is still inexperienced in its struggles and as such it has not been difficult for one bourgeois faction to pretend that all the ills of capitalism are caused by another. This, however, is a manoeuvre which the bourgeoisie cannot repeat too often. Once this struggle is over and Iran's workers begin to assimilate the lessons it will not be long before they produce their own class conscious minorities ready to fight for real autonomy. Only then will the mystifying slogans like "Death to the Shah!" be replaced by the only proletarian slogan "Death to Capitalism!". Communist Workers' Organisation December 1978 1. For an explanation of decadence see our texts The Economic Foundations of Capitalist Decadence. 2. To the extent that China's Hua Kuo Feng tried to get him to be more aggressively anti-Soviet when he visited Tehran last summer.

## Our Basic Positions

- 1. We aim to become part of the future world working class party which will guide the class struggle towards the establishment of a stateless, classless, moneyless society without exploitation, national frontiers or standing armies and in which the free development of each is the condition for the free development of all (Marx): Communism.*
- 2. Such a society will need a revolutionary state for its introduction. This state will be run by workers' councils, consisting of instantly recallable delegates from every section of the working class. Their rule is called the dictatorship of the proletariat because it cannot exist without the forcible overthrow and keeping down of the capitalist class worldwide.*
- 3. The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the promotion of world revolution.*
- 4. The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.*
- 5. The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve — the freeing of the workers of the world and the establishment of communism. Join us!*

**London Meeting**  
**20 Years Since the**  
**Iranian**  
**"Revolution"**  
 2:30pm  
 Saturday March 6th  
 Conway Hall  
 Red Lion Square  
 (Nearest Tube: Holborn)

The address of the  
Partito Comunista  
Internazionalista  
(*Battaglia Comunista*)

is:

C.P. 1753  
Milano 20101  
Italy.

## **Internationalist Communist Review of the International Bureau for the Revolutionary Party**

**Back copies of most issues are available. Price 2.00 for any single copy. [Plus 50p postage in UK or 1.00 elsewhere.] Please enquire for cost of a bulk order and, where necessary, photocopies of articles from out of print issues.**

### **No.1**

On the Formation of the  
Communist Party of Iran  
Crisis and Imperialism  
[Out of print]

### **No.2**

Perspectives  
Theses on the British Miners' Strike  
Bordigism and the Italian Left  
[Out of print]

### **No.3**

Communiqué on Mexican  
Earthquake  
Communists and Capitalist  
Periphery

### **No.4**

Imperialism in the Middle East  
The International Bureau in India

### **No.5**

Gramsci, Myth and Reality  
The Permanent Crisis  
The Historic Course

### **No.6**

Gorbachev's Russia  
Capitalist New Technologies

### **No.7**

The COBAS in Italy  
Marxism and the Agrarian  
Question  
Austerity Policies in Austria

### **No.8**

Crisis of Communism or Crisis of  
Capitalism?  
The Economic Crisis in Britain  
Capitalist Barbarism in China

### **No.9**

Bureau Statement on the Gulf  
Crisis  
EEC 1992-A Supranational  
Capital?

German Reunification

### **No.10**

End of the Cold War  
Collapse of the USSR  
Marxism and the National  
Question  
Life and Death of Trotskyism  
[Out of print]

### **No.11**

Yugoslavia: Titoism to Barbarism  
The Butchery in Bosnia  
Britain: Social Democracy and the  
Working Class  
Trotskyism and the  
Counterrevolution

### **No.12**

Class Composition in Italy during  
the capitalist crisis  
Fascism and Anti-fascism: Lessons  
of the Nazi Seizure of Power  
Extracts from *Octobre*, 1938: Brief  
History of Italian Left Fraction;  
Trotskyists and Events in Spain

### **No.13**

Towards the Revival of the  
Proletariat  
Restructuring in Aerospace  
Antonio Gramsci: Prison Writings  
The Material Basis of Imperialist  
War

### **No. 14**

Reflections on Strikes in France  
Capitalism's Global Crisis  
Bordiga's Last Fight in the  
Communist International, 1926  
Review of *Hobsbawm's Age of  
Extremes*

### **No. 15**

Globalisation of the World  
Economy and the State  
Class Struggle in South Korea  
Albania  
Communist Left Accused of  
Denying Nazi Death Camps  
Years of Truth for ICC

### **No.16**

Theses and Documents from the  
VIth Congress of Battaglia  
Comunista  
Globalisation and Imperialism  
The State of Capitalism Today  
Revolutionaries and Trades Unions  
Theses for Revolutionary Tactics  
on Capitalism's Periphery

**Series 3 number 13: Winter 1999**

**£2**